

THE CHINA
WEEKLY

REVIEW

報論評氏勒密

A Weekly Newspaper Established in 1917

November 4, 1939

Why Has Japan Changed Her Mind?

An Editorial

War and Trade in the Far East

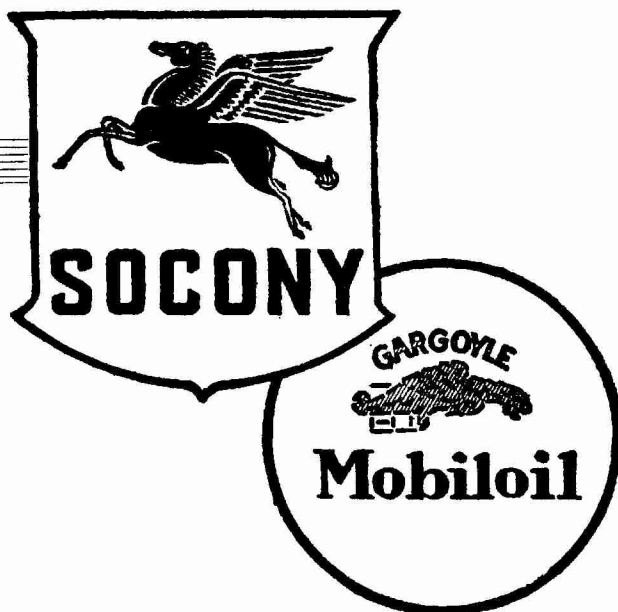
BY JOHN AHLERS

Behind the Events in India

Stalin as a Counterfeiter

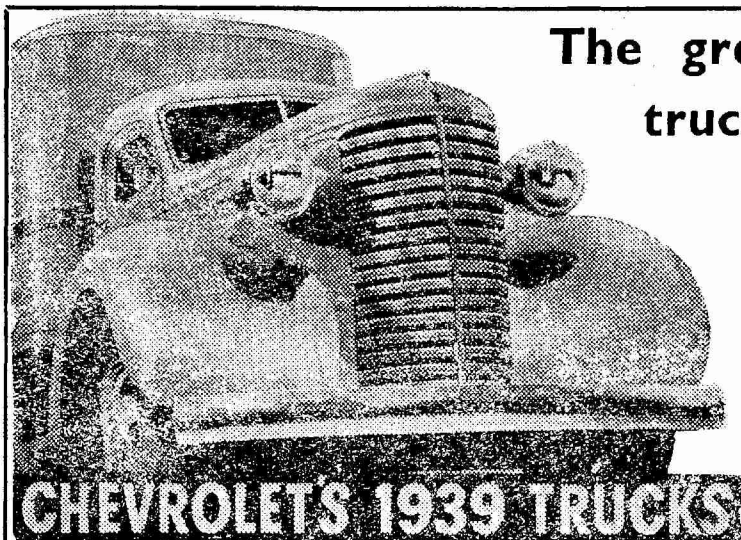
BY WALTER G. KRIVITSKY

**Continuance of the War Causes Moscow
to Readjust Some of its Political Ideas**



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(中國評論週報)

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What People Are Saying

Comments from Readers on Current Topics are cordially invited; their opinions, however, do not necessarily represent the views of the *China Weekly Review*.

SCHOOL HEAD'S DENIAL

To the Editor:

With reference to the article, titled, "Shanghai Schools Thrown into Turmoil as Agents of Wang Ching-wei, with Bribes and Bullets, Seek Control of Education," written by Mr. S. Y. Wang, and appeared in your Weekly Review Vol. 90, No. 6, published on the 7th instant, I exceedingly regret to perceive you all the particulars mentioned therein concerning this school and myself are quite unfounded and, moreover, entirely contradictory to the genuine facts. As such feigned statements will undoubtedly render misconception of the school as well as of my personal standing to those who might not have been in a position to follow closely the prevailing circumstances, I should like to tender you herewith the following items for the consideration of your goodness as well as the public in general.

(1) I, being the principal since the establishment of this school seventeen years from now, have devoted whole heartedly with all my efforts for the promotion of education of this school, and have never been, nor will in any way be, connected with any sort of political organizations. It, therefore, goes without saying that I have never been invited, as recently rumored, to participate in any political body, nor have I ever attended, personally or through representative, any political assembly whatsoever. This has been formally proclaimed as appeared in the two leading Chinese Newspapers, the *Sin Wan Pao* and the *Shun Pao* on the 16th and 17th, August.

(2) It has been the sole aim of this school to direct all possible endeavors exclusively to educational attainments and, as a consequence, has never interested in any affairs of any category unrelated to the school, of which, the public can well recall that, during the whole period of the past seventeen years, not a single manifesto concerning political problems either in the form of letter or telegram, has ever been issued by this school.

(3) In order to attain our aim and to protect legally the honor and long established reputation of this school, it is certainly the duty of the school to deny publicly all such unfounded but treacherous news, and letters or telegrams originated from questionable sources but hideously camouflaged in the name of this school. It therefore apparently leaves no ground for any interference from students who, ridiculously reported of as being oppressed, were in fact by that time not even attending class yet, as this school was still remaining in summer vacation.

(4) After the commencing of the school, no transfer of a single student to other school has ever been registered so far. The letter in the individual names of a small number of students of this school appeared in the *Chinese-American Daily News* on September 8th was flatly denied and bitterly denounced by the same students through their own initiative, whose names, utterly without their slightest acknowledgment, were surprisingly being listed therein; rectification was in the meantime strongly requested.

In summing up my statement, I wish to affirm that the school has always maintained and will continue to maintain her pure and honest principle as aforesaid in reference to the standing and activity verified by the facts; and, as devoted follower of Lord Christ, I can put my hand on the Bible and swear that the things stated here are all of truth, nothing but truth. I would therefore appreciate your immediate rectification of the mis-information as contained in the aforesaid article so that the truth will eventually be in everlasting prominence.

Lastly, I sincerely hope that the above statement may convince you of my personal standing as well as that of the school as a whole, and, may render you henceforth a full apprehension of the actual circumstances as to enable you to give adequate consideration to such similar articles, if any in the future, intended for publication.

Tsei Kieh-ngo

Principal,

Dao Chung Girls' Middle School.
Shanghai, Oct. 30, 1939

DEMOCRACY IN S.A.

To the Editor:

Here in South Africa conditions are quite normal at present, but we do not know what the immediate future holds. General Hertzog and Dr. Malan, the leader of the Nationalist Party, are trying to overthrow the Government, which is now led by General Smuts as Prime Minister, following the defeat of Gen. Hertzog, the former Premier. From what we hear, Gen. Smuts is the man for the present crisis, as he is a statesman of European recognition, and has a large section of the country with him. We can only hope that he has the situation well in hand. Many stringent laws have been passed, one being that no paper may publish anything against the present Government, and that no public meetings may be held to discuss—unfavorably—the policy of the Government. But it seems likely that the political crisis in this quarter of the globe may pass soon.

F. T.

Johannesburg, South Africa,
Sept. 16, 1939

THE CHINA WEEKLY REVIEW

Cable Address "REVIEWING SHANGHAI"

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GOLD RINGS FOR GOV'T
To the Editor:

During the Italo-Abyssinian War, the Italians contributed their wedding rings to the Government and in replacement thereof they received steel ones.

In order to assist our Government in bringing the present "War of Resistance" to a speedy, successful end, I propose that not only every Chinese should follow this example, but the Government should appeal to the people to give up their gold rings in exchange for steel ones.

MONO LEE TCHENG

 Chengtu, Szechwan,
October 20, 1939

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IS MOSCOW PREPARING TO BETRAY CHINA BY A DEAL WITH JAPAN?

EVER since the end of 1933, when the United States entered into diplomatic relations with the government of Soviet Russia, Kremlin spokesmen have worked overtime to maintain friendly relations with Washington. In the Soviet listing of the "peace-loving democracies" the United States and the Roosevelt Administration have had first place. During the past week there has been a sharp change in the tone and attitude of the Soviet authorities. In place of gushing friendliness there is now a marked hostility.

It all started with the German seizure on the Atlantic of the American merchantman *City of Flint*. The vessel was taken by a German prize crew to the Soviet port of Murmansk in the Arctic. In violation of Russia's proclaimed neutrality, the Soviet authorities permitted the prize crew the use of the port. When Moscow received a sharp protest from Washington, the Soviet authorities sought to wriggle out an awkward situation by asserting that the ship needed engine repairs. Later they announced that the repairs had been completed and the vessel ordered to leave port. This was followed by an announcement that the vessel had departed with the prize crew in charge. The German Government, meanwhile, asserts that the ship is still at Murmansk.

The fact of the matter is that both the German and Soviet governments blundered badly—the former by seizing an American ship, the latter by allowing it to be taken into Murmansk. Each has been trying to "pass the buck" to the other. It is also not unlikely that both Hitler and Stalin are trying to exploit the incident with a view to worsening each other's relations with the United States, for this Hitler-Stalin partnership is characterized by nothing so much as the mutual distrust and suspicion which each entertains for the other.

Willy-nilly, having made a political bedfellowship with Hitler, Stalin finds himself dragging along at Hitler's coat tails. It must have been highly embarrassing for the "neutral" Stalin to have a German prize crew bring an American ship into a Soviet port. He could hardly have refused the vessel admittance. That would

have angered Hitler and weakened a partnership which Stalin is fearful of breaking—at present.

Meanwhile the adoption by the U.S. Senate of the Pittman Neutrality Bill has aroused Moscow's ire. The Kremlin crew view the measure as bringing the United States closer to the "democratic" allies in Europe and thus in opposition to Hitler and his number one friend in Moscow. The big guns of the Stalin press have opened up. The Pittman Bill, they say, was engineered by reactionaries and munitions makers who want to get the United States into the European war on the side of the Allies.

What Moscow says today, Communists all over the world can be depended upon to repeat tomorrow—or earlier if the *Tass* dispatches arrive in time. Thus on Monday of this week the *Hsin Hwa Jih Pao*, organ of the Chinese Communist Party in Chungking, attacked the Pittman Bill and charged that American financiers and "war industrialists" were trying to profit from the war by selling arms and supplies to the Allies, thereby involving America indirectly in the war.

Nor is this all. According to the official German D.N.B. agency, the Soviet organ *Izvestia* carried a dispatch from its Shanghai correspondent on Oct. 24, accusing "American agents" in this city of hindering improvement of relations between the Soviet Union and Japan. It was probably no accident that this story ap-

The Wedding March



Sunday Chronicle (London)

peared while the new Soviet Ambassador to Tokyo, M. Constantin Smetanin, was on his way to his new post with the avowed mission of "readjusting relations" between the two countries.

A Soviet-Japanese deal at the expense of China is no more improbable than the now fully accomplished Soviet-German deal for the carving up of Poland. Certainly the United States would oppose any agreement which impaired China's sovereignty and integrity. Is it not just possible that the Soviet outbursts against America—apart from their connection with the European situation—are a propaganda smokescreen to cover some perfidious betrayal of China's struggle for her national independence?

Significance of U. S. Action on Neutrality; Senate Adopts Pittman Bill by Vote of 63 to 30

THE Neutrality Law, originally passed by Congress on August 31, 1935, amended in 1936, and again amended and re-enacted on May 1, 1937 prevented Americans from selling arms to nations engaged in war. Although the Japanese had been waging war against China in Manchuria since the fall of 1931, the original Neutrality Law was adopted with the object of preventing the United States from becoming involved in another European conflict. Mussolini had started his conquest

now go to the Allied side due to Anglo-French naval superiority which prevents Germany from operating ships on the high seas. Should Hitler succeed in defeating and sinking the British Fleet, the advantage, so far as access to the American market is concerned, would pass to him.

CONFLICTING EMOTIONS

Aside from the emotional element, that is, sympathy for the Allies and opposition to the Hitler-Stalin combination, numerous other elements entered into the debates and final vote on the Neutrality measure. Business profits figured, of course! Witness the boom on the New York stock market in anticipation of juicy war orders and resulting profits.

Aside from prospect of war profits and the emotional phase, another significant element, possibly the most important, was concerned with domestic politics and the approaching National Conventions in June next year (for the selection of candidates) and the National Election in the fall. The necessity of sticking together in order to present a united front in the 1940 election undoubtedly had much to do in bringing about the Democratic Administration's victory in the four-week bitter debate which preceded the vote on Friday, Oct. 27.

According to the *United Press* report from Washington on Oct. 28, the main provisions of the Neutrality Bill as approved by the Senate, were

1. The arms embargo provisions of the current Neutrality Act are repealed.
2. United States merchant ships are prohibited from dealing with belligerent nations except in places remote from the European war zone such as Australia, South Africa and the port of Hongkong.
3. All munitions purchases by belligerent nations from the United States must be on a "cash and carry" basis and without American credits.

PORTS AFFECTED

4. American merchant ships cannot carry passengers to belligerent ports except those distant from the European war zone.

America's "Maginot" Line



Messer in the Rochester Times-Union

Stormy Weather Ahead



The Detroit News

of Ethiopia, civil war was simmering in Spain and there was apprehension that the Japanese action in violating treaties and taking unilateral action against China was likely to lead to another world conflagration. But the Neutrality Law, while enforced with regard to Mussolini's war in Ethiopia and the conflict in Spain, was not enforced in the case of Japan's invasion of China.

This was due to two reasons: first, the Japanese, being dependent upon the United States for basic war materials, never issued a formal war declaration. They always referred to their war as the "China Incident." The other reason for not forcing the issue, from the standpoint of the United States, was that enforcement of the arms embargo would have prevented China from purchasing airplanes and other war materials which she needed to resist Japanese aggression.

Since there was no sidestepping the war situation created by Hitler's invasion of Poland, President Roosevelt had no alternative but to issue a proclamation putting the Neutrality Law into effect. Since the Nazi regime in Germany had been engaged in piling up war materials and creating facilities for the production of munitions on an extensive scale, the enforcement of the American Neutrality Law with the Arms Embargo had the effect of seriously embarrassing Britain and France in their dependence upon the United States for airplanes and other types of war materials.

The Neutrality Law was thus regarded as benefitting Germany and handicapping Britain and France whom an overwhelming majority of Americans wished to help although desiring to remain out of the conflict themselves.

By reversing its stand on the Arms Embargo phase of the Neutrality Law, and permitting the sale of munitions on a "cash and carry" basis, the advantage will

5. The President may forbid American ships and American nationals from entering combat zones.
6. United States merchantmen may use only small arms.
7. Americans are forbidden to solicit or receive contributions for belligerent countries except for the relief of human suffering.
8. The President is authorized to regulate belligerents' use of American ports, including the exclusion of belligerent submarines and armed merchantmen.

Misleading Reflection!



The Chicago Tribune

9. Foreign merchantmen are prohibited from flying the American flag.
10. The provisions of the bill would not apply to any American Republic independently waging war against a non-American state.

Raymond Moley, previously a confidential adviser to the President, but now a critic of the Administration, said (*Newsweek* Sept. 25) that the repeal of the arms embargo was not the fundamental issue in the special session called for the purpose of revising the Neutrality Law. He said that President Roosevelt planned to have Congress amend the Act and then adjourn, but, "regardless of what is done on neutrality, Congress is not going to submit willingly to being bundled out of Washington during the period of so-called emergency—limited or otherwise."

The fact that war actually had broken out, as the President and Secretary of State had forecasted when the Neutrality issue was under consideration in the preceding session of Congress, had given President Roosevelt an advantage over the leading isolationists who had foolishly bet there would be no war. The fact of war therefore greatly strengthened the President's hands and at the same time greatly furthered the Democratic Party's chances for victory in the election next year—providing the split in the party, evident in the last session of Congress, does not recur.

According to Moley's statement there was considerable misunderstanding about what the arms embargo actually covered and what effect its repeal would have. The embargo clause in the previous Neutrality Law covered seven categories of materials:

- First, rifles, machine-guns, cannon of all sorts, projectiles, bombs, torpedoes, tanks, military armored vehicles and armored trains.
- Second, war vessels of all kinds.
- Third, aircraft, assembled or unassembled, and the essential parts of airplanes.
- Fourth, revolvers, automatics and ammunition for same.
- Fifth, aircraft other than the ones specified in category three.
- Sixth, a large number of items with unpronounceable names which are, for the most part, for the production of gas used in warfare.
- Seventh, powders and high explosives.

Aside from this formidable list of prohibited war materials, everything else could be shipped—steel, lead, oil, scrap iron, copper, food, clothing, cotton, all of which were, and are, just as essential for the conduct of war as the deadly weapons that were embargoed. To quote from Mr. Moley, "so it was obvious that the importance of repealing the arms embargo had been greatly exaggerated . . . The one immediate fact to hold on to was that while there is historically, and some believe, ethically, a distinction between arms, ammunition, implements of war, on the one hand, and oil, cotton, wheat and the like, on the other, there is no greater likelihood of our involvement because of the export of one kind of material than there is because of our export of the other . . . If this is forgotten, the debate will be completely confusing."

Continuing, Mr. Moley disputed the contention of Senator Borah and other isolationists that repeal of the arms embargo should be regarded as American intervention in the war. Embargo, although favoring Germany, was not in itself unneutral, hence repeal—which will favor England and France—is also not in itself unneutral. It will merely change the balance which existed at the outbreak of the war. . . . President Roosevelt originally wanted a discretionary embargo by which he might have the option to cut off the export of materials to one side or the other according to whether he decided that one side or the other was the aggressor in a war. Congress was unwilling to give him this discretion because, as they pointed out, to discriminate would be to take sides. This led to a modified cash-and-carry formula which was embodied in the so-called Peace Act of 1937, which expired automatically on May 1 of this year. . . . The fact that modification of the embargo happened to benefit one side or the other was a circumstance not of America's making. That circumstance is British control over the sea, or rather the absence of German control,

Rocking Chair Strategists



Duffy in the Baltimore Sun

for the policy would also enable Japan to come and get what it wanted.

Referring to what he described as the real or fundamental issues behind the hullabaloo over the arms embargo repeal question, Mr. Moley said:

"Among those on the side of repeal there will be ranged all those who believe in the inevitability of American participation in war. They believe that the stake in the present conflict is the future of civilization; that the United States cannot stand idly by and permit the Allies to be overwhelmed; that the defeat of the Allies would place us in immediately critical danger ourselves and ultimately mean the complete militarization of this country in order to save our institutions and our territory from ruthless invasion by barbaric force. The intensity of their belief has unquestionably been accentuated by the alignment of Russia and Germany—an alignment which, they feel, must be smashed before its power becomes irresistible. There are those who feel so strongly that this war is "our war" that they would urge us into it as rapidly as possible with the hope of shortening it and encompassing the defeat of Hitler before the Allies may be bled white. But for the most part, the argument is that if we repeal the embargo, thereby aiding the Allies, we can conceivably avoid American participation; that at the very least, we must give them whatever supplies are necessary to prevent their defeat.

"Those who are ranged against this school of thought do not, as is so frequently charged, fail to recognize our vital and continuing interest in world affairs. But they warn us that we cannot take on the character of an enemy while seeking to retain the privileges and immunities of a neutral. They insist that a keep-out-of-war policy is not something adjustable—to be changed from day to day or week to week. They argue that in the conduct of our foreign affairs in wartime, a President is subject to almost irresistible pressures. To give the Executive more discretion than he already has, in the circumstances, would be, they conclude, to invite those shifts, uncertainties and suspicions that lead to involvement. If you add to this picture their fears that the President is not always wisely advised by our diplomatic representatives abroad and their conviction that Congress is more difficult to move because it has a wider base, you see the very personal, human, as against the theoretical, elements in the situation. Basically they are trying to restrict what they conceive to be the President's inclination to play an active part in world affairs, as a mental commitment to the theory that if the war lasts long enough we shall be drawn in."

HOUSE APPROVAL EXPECTED

While some members of the isolationist group professed expectation of a sudden change in public opinion that might change sentiment in the House of Representatives, it was generally thought that the House would approve the Administration's program, possibly before the end of the present week. Republican leaders in the House demanded 30 hours for debate and the right to amend the Neutrality Bill, but the Democratic leaders hoped to limit debate so as to obtain an early vote. Both sides, however, admitted that the Administration's victory would not be overwhelming and that the majority probably would not exceed a minimum of 10 votes or a maximum of 31.

The situation with regard to the neutrality issue is somewhat complicated in the House of Representatives due to the fact that the House voted in the last regular session to repeal the Neutrality Law, but retained, by a small majority, the ban on shipments of arms to belligerents.

FOREIGN OPINION MIXED

Foreign press comment on the action of the U. S. Senate in repealing the arms embargo and adopting a "cash and carry" plan, tended to follow nationalist sentiment in the various countries, depending upon whether the countries were pro-Ally or pro-German. Some of the bitterest attacks on the Senate action appeared in the official papers in Moscow, a subject referred to more extensively elsewhere in this issue. Both *Pravda* and *Izvestia* accused the bourgeois and munition-manufacturers of "driving the United States into the War." Soviet indignation over the repeal of the

arms embargo by the Senate, was regarded by the French *Havas* correspondent in Moscow as "being inspired by motives other than ideological." American exporters, who now had large British and French cash contracts on their books, were also demanding that the Russians likewise pay cash. Previously the Russian state buying agencies were able to obtain credits.

CHINESE OPINION CONFUSED

A *Reuter* dispatch from Chungking (Oct. 29) quoted the *Central Daily News*, official Kuomintang organ as declaring that the revised Neutrality Act would be unfavorable to China, but despite this element, the Chinese press, with one exception, approved the Ad-

Evil Spirit With a False Face



The Chicago Tribune

ministration victory. The *Central Daily News* analyzed the Senate's action to the following effect:

- "1. The revised Neutrality Act represents the United States' basic policy of anti-aggression and support for peace.
- "2. Under present circumstances, we know that there is no way for the United States to devise laws which will suit the requirements of both Europe and the East.
- "Instead of trying to meet both requirements, which probably will result in difficulties and complications, it is better for the United States to concentrate her efforts on one hemisphere first.
- "After meeting the situation in Europe, the United States then can turn her undivided attention to the Far East.
- "3. China has the fullest confidence in American sympathy for her. The speech by Mr. Joseph C. Grew, American Ambassador to Japan, on October 20 proved that the United States would never ignore the Far East; and
- "4. The fear that Japan may take advantage of the revised Neutrality Act to declare war on China, is ill-founded, especially since relations between Japan and the United States are approaching a decisive stage.

"Further aggression on the part of Japan will surely bring a suitable response from the United States."

Of special significance was an editorial in the Chinese Communist Organ, *New China Daily News* which apparently followed the lead of Moscow and bitterly attacked the stand of the United States in amending the Neutrality Act. The paper accused the

United States of aligning itself with Britain and France against Germany. The paper asserted that instead of serving its intended purpose of checking the spread of the European War, the Neutrality Act in its present form indirectly involved the United States in the European conflict. Although a serious blow to Germany, the paper claimed on the other hand that the new act was not conducive toward preserving world peace.

The Chungking Communist organ said that had the Pittman proposal been adopted prior to the outbreak of war, it might have staved off the aggression which Germany, at that time, was only contemplating. "America can no longer regard herself as neutral since the new act definitely makes the U. S. an indirect ally of Britain and France . . . American financiers and war industrialists are attempting to profit from the sale of arms and supplies to the Allies."

Concluding, the journal deplored discrimination favoring Japan, but expressed satisfaction that an amendment had been adopted permitting American ships to call at Hongkong. While the United States had not applied the previous Neutrality Law in the Sino-Japanese conflict, it was hoped that there would be increased American help in the future.

FURTHER DETAILS OF THE BILL

Prior to the final vote, which was 63 to 30 in favor of the Administration measure, the Senate voted 67 to 22 against a substitute neutrality bill introduced by Senator Gerald Nye, Republican isolationist from Minnesota, which proposed a mandatory arms embargo against belligerent nations.

The Senate later adopted an amendment to the Administration's Bill requiring ships of belligerent nations entering American ports to furnish bond against the possibility of alien seamen remaining in the United States beyond the time fixed by American immigration laws.

An amendment proposed by Bennett Clark, Democratic isolationist from Missouri, that armed belligerent merchantmen be banned from American ports and territorial waters, except in emergencies, was defeated by a vote of 65 to 26. Senator Pittman opposed the amendment and declared that a five-inch gun on the rear of a merchantman did not constitute a war vessel.

Senator Burton K. Wheeler, Democrat of Montana, who favored Senator Clark's proposal to ban armed merchantmen, urged that Congress should have representation on the National Munitions Board as a means of keeping the Senate and House in closer touch with the President's foreign policy.

CHINA MENTIONED

Senator Warren Austin, Republican of Vermont sought unsuccessfully to provide for the expiration of the Neutrality Act after the European war had come to a close in order to facilitate the formation of the attitude of the United States toward a new situation like the Sino-Japanese war.

Senator Millard Tydings, Democrat of Maryland, strongly supported the proposal. He said that the proposed provisions, if applied to the Sino-Japanese conflict, would be greatly to the advantage of Japan.

Numerous other Senators voiced their sympathy with Senator Austin's objective, but said it would not be safe to cause the neutrality law to expire without a substitute at hand.

Senator Key Pittman, Democrat of Nevada, attacked the proposal as leading the United States into involvement in the war.

The *New York Times* stressed the point that the chance of American participation in the war depended largely on the length of the conflict, "hence the decision to remove the embargo clause would allow the Democracies to end the conflict more speedily—to our advantage and to theirs."

The *New York Herald-Tribune* considered that the Pittman proposal (Administration Bill) would cause the United States to contemplate future measures to be taken following the development of the international situation . . . "the vote does not end practical problems, but gives us the means to solve them."

Some idea of the extent of the munition orders affected by the dropping of the arms embargo was provided by dispatches from New York stating that the National Munitions Board held licenses for the export of U.S.\$78,908,525 worth of airplanes and other war supplies. Of this amount, Britain had orders amounting to U.S.\$14,877,086; France U.S.\$3,418,113; Australia U.S.\$5,078,000; Germany \$49; Poland (now cancelled) \$125. Before the war officially started, thus bringing the embargo into effect, shipments early in September were: France, U.S.\$4,429,323; Britain U.S.\$1,422,000; Germany and Poland, none.

JAPANESE AND GERMAN VIEWS

The Japanese newspapers, after remaining silent for several days, finally stressed their conviction (Oct. 30) that the new law was tantamount to giving unlimited American assistance to the Western Powers. The Tokyo *Asahi Shimbun* declared that the United States had now, to all intents and purposes, taken sides with Britain and France, "which meant that America is now also responsible for the European war." The *Nichi-Nichi* said that the lifting of the embargo would benefit nobody else "except Britain and France."

The Line Didn't Hold



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Chicago Tribune

The German newspapers, according to *Transocean*, called attention to statements by President Roosevelt and other leaders that the enactment of the new law would enable the United States "to avoid war under all circumstances." However, the jubilation which prevailed in Britain and France, following the Senate's action, "indicated that neither of those countries took the statements of Roosevelt and Secretary of War Woodring very seriously." Generally the Germans regarded the Senate action as the first step. The comment in the United States on the City of Flint case also led the German press to think that "competent quarters in the United States were permitting matters to be pushed more and more in a certain direction."

The Soviet press, in the course of further comment, predicted that the lifting of the embargo would be contrary to the best interests of the American people and predicted that opposition of the masses in America against American participation in the war would steadily grow.

HONGKONG VIEW

The *Sin Pao*, a leading Chinese paper in Hongkong, urged the Senate to pass an arms embargo law against Japan, timed to go into effect when the Japanese-American Commercial Treaty expires next January. Other papers regretted that so little attention was paid to the Far East in the course of the debates on the Neutrality Act. The *Ta Kung Pao* said that the Senate's action would speed up the end of the European War, and by staying out of it the United States would be able to conserve its strength and "come to the aid of China after the European War was over."

The Shanghai *Mainichi* admitted there was a possibility that

the United States might adopt an arms embargo against Japan . . . "in which case Japan would be able to face the situation calmly as the Germans did . . . the Germans said they had expected it anyway."

Several Senators demanded, in the course of the final debates

that Britain and France surrender their island possessions in the western hemisphere in payment of their defaulted debts hanging over from the last war. There also were numerous suggestions that Congress should take action limiting profits resulting from arms deals.

Why Has Japan Changed Her Mind?

LAST week the Japanese press was filled with reports and articles, some of which were doubtless inspired by official sources, regarding pending negotiations with Great Britain and the United States. Early this week came a sudden about-face. Mr. Yakichiro Suma, director of the Bureau of Information of the Tokyo Foreign Office, told foreign correspondents that Japan does not propose at this time to open negotiations in any form for a settlement of its problems with Great Britain and the United States. In intimating that the Japanese Government was about to enter into negotiations, Mr. Suma said, the Japanese press had created a "false impression."

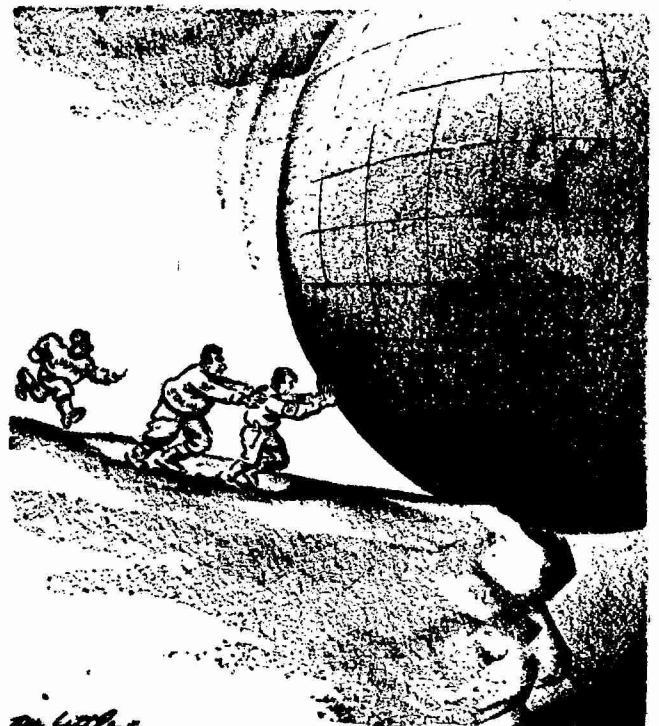
He admitted, however, that Sir Robert L. Craigie, British Ambassador, had met Mr. Masayuki Tani, Japanese Vice-Minister of Foreign Affairs, on Friday of last week, and that a conference had taken place between Premier Abe and Admiral Nomura, the Foreign Minister, last week-end. But these talks, he declared were "routine" and had no connection with the reported negotiations between Japan, America and Great Britain. He also intimated that Admiral Nomura might "soon see" Mr. Joseph C. Grew, the American Ambassador, but asserted that the meeting would not be designed to form the start of American-Japanese negotiations.

For some reason, which may only be guessed at now, the Japanese have changed their minds about opening negotiations with Britain and the United States. That they had such an intention was manifest. On Oct. 20, following Ambassador Grew's now famous speech in Tokyo, Admiral Nomura declared that Japan would seek "a candid and straightforward exchange of views" with Ambassador Grew at the earliest opportunity. On Oct. 26, a *Domei* report from London said that the British Government had instructed Sir Robert L. Craigie to exert efforts for an improvement of Anglo-Japanese relations. On Oct. 28 the British envoy conferred with Mr. Masayuki Tani, Japanese Vice-Minister of Foreign Affairs. The *Domei* report of the conference said the British envoy had expressed Britain's readiness to resume Anglo-Japanese discussions for a settlement of issues involving the British Concession at Tientsin. Mr. Tani, the agency added, "was reported to have agreed to conduct negotiations both in London and Tokyo, whenever they were necessary, with a settlement of the Tientsin question as their goal." Another *Domei* message predicted that Anglo-Japanese negotiations would start about the middle of the present week, and that negotiations between Admiral Nomura and Ambassador Grew would commence about the end of this week.

Before there had been any official Japanese denial that negotiations were about to start, the Japanese press opened up a violent attack on the United States, with the *Miyako Shimbun* in the van. This paper wrote: "Japan is confident of victory in case of war with the United States. Therefore Japan will not give way in the face of American bluff." The *Yomiuri Shimbun* offered the following gem of condemnation: "Americans are apt to lack seriousness in diplomatic affairs, to be swayed by emotion and at times are even entirely ignorant. Not only Americans but Anglo-Saxons in general are an arrogant, self-centered, dogmatic and unreflecting lot. Their frankness is merely a product of prejudice and distortion."

What has caused the sudden change? One might hazard a shrewd guess and say that Japan has decided to try playing the game of bluff and maneuver that brought Hitler so many successes in Europe, and to play it in partnership with Stalinist Russia, incidentally grabbing whatever incidental benefits may accrue from the game. There has been no Soviet Ambassador in Tokyo for a long time. This week a new Soviet envoy, M. Constantin Smetanin, was due to arrive in the Japanese capital. Both Moscow and Tokyo have let it be known that he is

Japanese Reinforcements Coming Up



Nashville Tennessean

armed with instructions to seek a "fundamental readjustment" of Soviet-Japanese relations.

Japan, by her piratical freebooting in China, has brought herself into conflict with Great Britain, France and the United States. Soviet Russia, since Stalin hitched his wagon to Hitler's evil destiny, has come into conflict with the same powers. What, then, would be more logical than for Tokyo and Moscow to band together, even if only temporarily, in an attempt to ease the pressure which both are feeling? Hitler had no scruples about allying himself with the hated "Reds"—then why not Japan also? A bedfellowship of this kind would produce advantages for both. Soviet Russia would secure a peaceful Far Eastern front and be free for action in Europe, while Japan, freed of the Soviet "menace" that she has always feared, could devote her full attention to resisting the pressure of the United States and Britain and securing that settlement of the China conflict which she desires.

Judging by all the signs, Far Eastern developments in the coming weeks are going to prove highly interesting.

Continuance of the European War Causes Moscow to Readjust Some of Its Political Ideas

NOTE ON SOVIET DEMOCRACY

In a period of about two months Soviet Russia threw overboard the foreign policy it had pursued for several years. Stalin made a pact with Hitler which is little short of an alliance, gobbled up half of Poland, "peacefully" subjugated three Baltic states. With all this accomplished, the Supreme Soviet—"most democratic" parliament in the world, according to Stalin—was called into session early this week to apply the rubber stamp. Molotov opened the session with a long speech. Then (we quote from a *Tass* report): "On Deputy Kuznetsov's motion the Supreme Soviet of the U.S.S.R. resolved to open no discussion on the report on the Government's foreign policy. With the two Chambers voting separately, the Supreme Soviet of the U.S.S.R. unanimously resolved to approve the Government's foreign policy. The resolution was greeted with stormy applause. The deputies and guests rose and warmly hailed M. Stalin and M. Molotov."

BIG war news in Europe this week was not the booming of heavy guns on the Western Front nor the sinking of merchant ships on the Atlantic—although both have filled many newspaper columns—but a speech made in Moscow by Foreign Commissar V. M. Molotov at the opening of the Fifth Extraordinary Session of the Supreme Soviet of the U.S.S.R. The Stalin government continues to drag at the heels of the Nazi government in Berlin while clinging desperately to a policy which savors less and less of neutrality and more and more of partisanship towards Nazi Germany.

This dual policy reflects Stalin's fear of military involvement in the war. Hitler's armies, brought to the Soviet frontier by the partition of Poland, are still the most immediate menace. The Kremlin dictator has good reason to fear that Hitler, his most recent peace offensive having failed, may seek to buy off the Allies in the West by embarking on a military expedition against the U.S.S.R. In order to keep the Fuehrer friendly, Stalin submits to increasing Nazi demands, becomes more and more the tool of the German regime which he always professed to hate.

The Stalinist political philosophy of not so long ago divided the states of the world into "aggressor" and "peace-loving" categories. This concept, Molotov told the Soviet deputies, has acquired a "new concrete connotation, a new meaning. It is not hard to understand that we can no longer employ these concepts in the sense we did, say, three or four months ago." No, it is indeed not hard to understand. By the strange logic of Stalinist reasoning, the aggressors of yesterday have become the peace-lovers of today, and *vice versa*.

Litvinov once worked out an elaborate definition of an aggressor and nearly succeeded in getting the League of Nations to adopt it. Reduced to essentials, the aggressor was the one who attacked first, regardless of the arguments that might be advanced in justification of the attack. Well, Germany started the present war by attacking Poland. Does that make Germany the aggressor? Not at all, says Molotov. Here are his exact words as published by the *Tass* agency:

"Today, as far as the great European powers are concerned, Germany is in the position of a state which

The Rendezvous of the Dictators



New York

is striving for earliest termination of the war and for peace, while Britain and France, which but yesterday were declaiming against aggression, are in favor of continuing the war and are opposed to the conclusion of peace. Roles, as you see, are changing."

Molotov carefully refrained from alluding to the fact that Germany *started* the war, that the Stalin government assisted in the aggression and joined in the carving up of Poland. All this, we are expected to believe, was in the interests of peace, although everyone knows that in all probability there would still be no war in Europe if Stalin had not, by his pact with Hitler, made possible the attack of the latter on Poland. But let us hear Molotov further. Britain and France, said he, justify their continuance of the war on the ground of their undertakings to Poland, but this is "obviously unsound" because—"Everybody realizes that there can be no question of restoring old Poland. It is, therefore, absurd to continue the present war under the flag of restoration of the former Polish state."

Both Britain and France understand this, he went on, but since they want the war to go on they are seeking new excuses for continuing it. They therefore depict the war as an ideological struggle against Hitlerism and for democracy. In actuality, however, they are fighting for their "profoundly material interests as mighty colonial powers." Clinching the point, Molotov said:

"Great Britain, with a population of forty-seven millions, possesses colonies with a population of four hundred and eighty millions. The colonial empire of France, whose population does not exceed forty-two millions, embraces a population of seventy millions in French colonies.

"The possession of these colonies, which makes possible the exploitation of hundreds of millions people, is the foundation of the world supremacy of Great Britain and France. It is the fear of Germany's claims to those colonial possessions that is at the bottom of the present war of England and France with Germany, who has grown substantially stronger lately as a result of the collapse of the Versailles Treaty. It is the fear of losing world supremacy that dictates to the ruling circles of Great Britain and France the policy of fomenting war with Germany.

"Thus, the imperialist character of this war is obvious to anyone who wants to face realities and does not close his eyes to facts. One can see from all this who is interested in this war which is being waged for world supremacy. Certainly not the working class. This war promises nothing to the working class but bloody sacrifices and hardships."

It is not difficult to agree, in general, with Molotov's appraisal of the character of the war. But this agreement does not relieve honest people from characterizing the Stalin government's position as one of unadulterated perfidy and hypocrisy. By the Stalin-Hitler pact, Soviet Russia hastened the outbreak of this "imperialist war." When the war had started, Stalin joined Hitler in the rape of Poland. After that he pursued—and is still pursuing—an imperialistic policy toward the Baltic

states. Finally, although the war bears an imperialist character, Stalin backs one camp against the other and through the mouth of Molotov proclaims his preference for the "peace-loving" Hitler against the Anglo-French "aggressors," giving as much aid to the former against the latter as he possibly can without endangering Soviet neutrality.

Molotov seized the occasion to utter a thinly-veiled threat in the direction of Finland, the only Baltic state which so far has not retreated before Moscow's imperialistic march. Soviet relations with Finland, he said,

The Great European 'Neutral'



are of a special character, chiefly due to the fact that "in Finland there is a greater amount of outside influence on the part of third powers." Was he alluding to Germany or the United States, to which latter country Finland has always paid her last world war debt and which displayed friendship for Finland recently by urging Soviet moderation?

Leningrad, Molotov pointed out, is only 32 kilometers from the Finnish border and is therefore within artillery range of foreign territory. Moreover, free approach to Leningrad from the sea depends to a large extent on whether Finland, which owns the entire northern shore of the Gulf of Finland and all the islands in the central part of the Gulf, is hostile or friendly toward the Soviet Union.

"In view of this, as well as in view of the present situation in Europe, it may be expected that Finland will display the necessary understanding"—in other words, allow the Soviet Government to establish aviation and naval bases and station troops in Finnish territory, and

reduce the Finnish government to a mere puppet of Moscow. It is interesting to note how Moscow employs, in justification of its political piracy in the Baltic, almost the self-same arguments that Japan has employed in defense of her actions in China. Imperialistic grabbing is justified in the name of self-defense.

Soviet demands on Finland are more the product of fear of Nazi Germany than of anything else. Hitler is dragging the Kremlin dictator in his train, using him to the utmost, and discrediting him politically in the process. On October 26 Moscow protested to London against the British contraband list on the ground that it violates

"Comrade, Please Be Gentle!"



St. Louis Post-Dispatch

international law, impairs the interests of neutrals and destroys international trade. Refusing to recognize the validity of the contraband list, the Soviet note objected particularly to inclusion therein of such articles as fuel, paper, cotton, animal fodder, footwear, clothing and materials for its manufacture, and even foodstuffs.

That a contraband list so inclusive as that drawn up by Britain is vicious and harmful to both belligerent and neutral peoples, and in time will bring acute hardship to many millions of innocent people, is obvious. But the Stalin regime is not especially renowned for its humanitarianism. Nor is there evidence to show that Soviet trade has been damaged to any extent, especially since Moscow recently entered into a new trade agreement with the British Government.

The conclusion is obvious: The Soviet protest against the British contraband list was a protest from Berlin routed via Moscow in disguise. Foreign diplomats in Moscow, quoted in a *Havas* dispatch from that city on Oct. 26, asserted quite bluntly that the Soviet protest to London was the result of persistent German demarches in Moscow. It was emphasized in this connection that since the start of the war there had not been a single instance in which any Soviet ship had been boarded by British naval men, much less escorted to a British port for cargo seizure.

A Deal in Silk Which Didn't Come Up to Expectations

BEFORE the Japanese invasion here in 1937 a Chinese company operated a small silk filature or thread-spinning plant which had a reputation for spinning the best silk thread for the manufacture of silk stockings produced anywhere in the Orient. The Japanese were unable to produce anything that could compare with the thread spun at the Chinese factory—which was located in Wusih, industrial town on the railway about midway between Shanghai and Nanking. The quality of the silk enjoyed such a good reputation in markets abroad that an American department store purchased the entire output of this particular plant.

Although silk originated in China, the Japanese product in recent years enjoyed a somewhat better reputation in world markets due to more improved methods of preparing for markets abroad. But the more conservative Chinese were also improving their silk, and the natural superiority of their product was worrying the Japanese, who for years had been trying to monopolize the entire Far Eastern production.

When the Japanese Army occupied the Shanghai-Nanking-Hangchow triangle, they obtained territorial control over China's best silk-producing territory, including the silk filatures at Wusih, Soochow, Hangchow and those in Chinese territory in the vicinity of Shanghai. Many of the filatures were destroyed by their owners to prevent Japanese occupation and others were burned by retreating armies, but the Japanese managed to obtain control over a number of large factories, including the mill at Wusih, referred to in the foregoing.

In accordance with its usual practice the Special Service Section, or "business department" of the Japanese military machine, got in touch with friends in the silk industry in Japan and in due course there was organized the "Central China Silk Corporation," which was given a monopoly of all silk production and merchandising in the Shanghai-Nanking-Hangchow district. All filatures seized by the Army were turned over to the new concern, which was advertised as a "Sino-Japanese" enterprise.

When the Japanese military interests—Army of Navy—create a monopoly of economic resources seized from the Chinese, such as they tried to do recently with the egg-export industry, and as they have done with the Chinese fish industry, certain classes of vegetables, rice, canal and river transportation, radio and telegraphs, railways, and other lines, they naturally promised the Japanese-controlled monopoly corporation full military protection.

With this background the reader will understand an incident which occurred near the town of Hwatsangshan, located a short distance north of Lake Taihu about 60 miles from Shanghai. The incident occurred on Oct. 7, according to a *Domei* report which stated that a gang of "bandits" numbering some 150 men ambushed four motor trucks loaded with silk cocoons which belonged to the Wusih branch of the Central China Silk Corporation. The trucks, stated the account, were guarded by 13 representatives of the Japanese monopoly corporation, and they must have put up, a good fight, for *Domei* devoted four pages of description to the thrilling battle which the thirteen Japanese defenders put up against the 150 Chinese guerrillas. The first two trucks, by speeding up apparently managed to get away, but the Chinese bagged the other two....The trucks were driven by Chinese chauffeurs.

When the smoke cleared away two Japanese, Teruki Ishikawa, aged 25, and Masao Tokuda, also 25, were dead, riddled with machine-gun bullets, and the Chinese guerrillas were in possession of two good Japanese trucks, 15 bags of cocoons and—according to reports in the Chinese papers—several prisoners. The Chinese reports (*Shun Pao*, Oct. 28) claimed that the Chinese captured all four trucks with their cargoes. The Japanese who escaped by hiding in the dense undergrowth along the shore of the lake, managed to get to the town of Wuchiao where they telephoned to Wusih and notified the company of the battle. The Japanese military garrison at Wusih immediately sent a large force in trucks to the scene of the battle, but the guerrillas had fled, leaving the bodies of the two Japanese, which were later brought to Shanghai.

None of the accounts indicated the identity of the Chinese "bandits" or guerrillas, but since they were equipped with machine-guns and hand grenades it may have been a detachment from the New Fourth Army. The fact that the Japanese Silk Corporation forces the Chinese farmers to accept Japanese military notes or notes of the puppet Hwa Hsing Bank, neither of which can be converted into Chinese money except at a heavy discount, and in addition the Chinese have no other market for their cocoons except the Japanese monopoly, has caused widespread antagonism among the Chinese silk growers.

The Japanese silk interests had hoped that by controlling Chinese production they could dominate the entire industry in the Orient, but antagonisms which they have caused among Chinese silk producers, not to mention the animosities of the former owners of the filatures and dealers in Shanghai and elsewhere, have prevented a return of prosperity to the industry, despite prevailing high prices.

European War Fails to Revive Far Eastern Trade

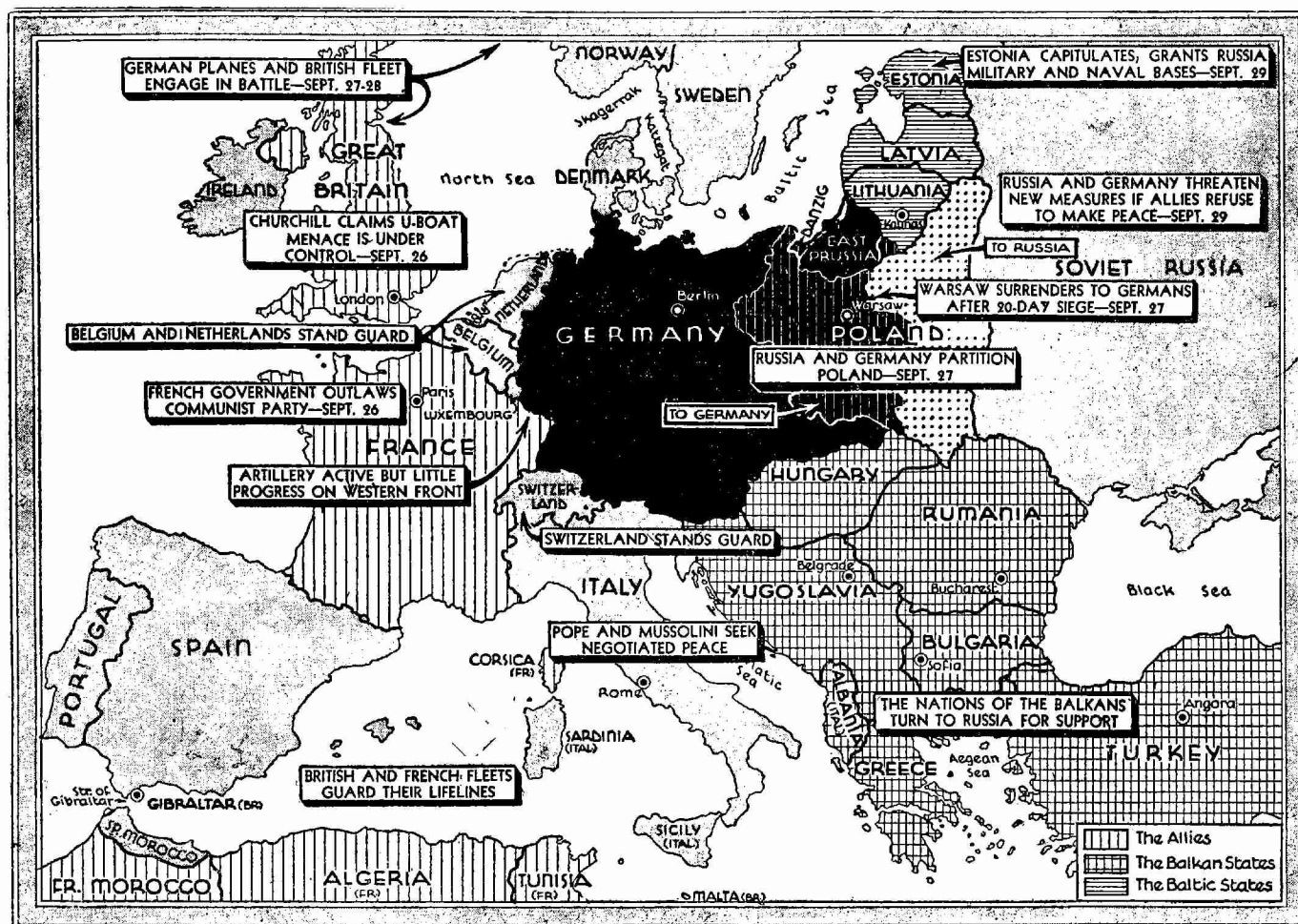
BY JOHN AHLERS

THE first two months of war in Europe have passed without bringing about a general revival in Far Eastern trade, and no such revival is yet in sight. British Malaya and the Netherlands Indies, it is true, were able to ship to Europe, as well as to the United States, increased quantities of tin, rubber, and other products of tropical agriculture. Japan and China, on the other hand, registered in their foreign commerce substantial reductions which far surpassed the trade gains in the

preceding month of August. Free China's transit trade via Hongkong and French Indo-China, at the same time, met with increased difficulties from the new control regimes in both these territories.

As a result of these developments, the value of China's imports showed a 33 per cent drop from C.G.U.* 53,900,000 in August to C.G.U. 34,900,000 in September, and at the same time the country's exports declined from Ch.\$100,900,000 to Ch.\$85,400,000. Import declines in

This Map Explains What Has Happened Since the War Started



New York Times.

South. As hostilities in the Old World enter upon the third month, the outlook for Far Eastern trade in general continues to be uncertain, and there are but small prospects for an early increase of the total commercial turnover out here.

For China's foreign trade, September and October were exceptionally bad months. Restrictions on Allied shipping in East Asiatic waters led to the unloading in British and French colonial ports of much cargo destined for Shanghai, and new export prohibitions enforced in a series of European countries, belligerent as well as neutral ones, closed certain sources of supply for Shanghai entirely. On the other hand, the strengthening of the Chinese national dollar, new trade and exchange controls in the British and French Far Eastern colonies, as well as new import restrictions in Europe, interfered with exports from Shanghai. Tientsin, the next important trade center of China, suffered so heavily from this year's autumn floods that the city's imports were cut by 70 per cent and exports by 94 per cent as compared with the

China were heaviest in metals, machinery, vehicles, metalware, timber, paper, sugar and tobacco. Export decreases were largest in produce from the interior, and in particular in agricultural and animal products. Imports from Germany were approximately cut in half, and German shipping in the China ports ceased altogether.

The impossibility for China to secure from western countries part of her usual supplies provided, of course, a singular opportunity for Japan to further expand her China trade at the expense of the other nations. By rare coincidence, however, recent economic developments in Japan proper prevented the Japanese from taking advantage of this opportunity. Shortages of all sorts of goods early this autumn reached such heights that the country's export capacity was still further impaired. Consequently, Japan's exports to China in September dropped no less than China's imports from other countries, and the Nipponese share of 30 per cent in China's

*Customs Gold Units (C.G.U. 1=U.S. \$0.80607)

total imports failed to show an improvement.

Japanese exports to all of the yen-bloc countries are definitely on the decline this autumn. Unable to furnish Manchuria and North China with the machinery, iron and steel, as well as other materials which were scheduled to be supplied to those areas under the various Japanese development plans, Japan has been compelled to revise those plans, reducing their scale and extending their time schedules. The much-advertised Five Year Industrial Development Plan for Manchuria also has had to be given up. Japan's exports to countries outside the yen bloc continued to be well maintained throughout September, but in October suffered a sharp decline. During the ten days from October 11 to October 20, the Japanese Empire exported Yen 91,100,000 worth of goods, i.e., Yen 18,500,000 less than during the previous ten-day period, and almost Yen 85,000,000 less than during the last ten days of September. Nipponese imports decreased from Yen 80,800,000 in the first ten-day period to Yen 72,900,000 in the succeeding ten days of October. Actual decreases of Japanese trade were much larger than even these figures suggest, since the yen suffered a devaluation of some 20 per cent by following in the wake of the British pound depreciation.

Manchuria has been badly trapped by the outbreak of war in Europe. Besides Japan proper, Germany had been the most important customer for Manchuria's chief export commodities, the soya bean and its products, bean oil and beancakes. The Allied blockade of Germany interfered with all shipments of these products either to Germany directly or to neutral ports. A number of Japanese vessels carrying Hamburg-bound Manchurian produce were held up by British and French naval forces and convoyed to Allied ports, where they had to unload. The Japanese immediately entered, on behalf of Manchuria, into negotiations with Moscow in order to obtain permission to use the Trans-Siberian Railway for large-scale Nippon-German transit trade.

With the trade of Japan, Manchuria, and China proper badly off in September, it is not surprising that the trade of Hongkong also suffered a severe setback. The Crown Colony's commerce was particularly impaired by the reduction of British shipping in the Far East, which has its headquarters traditionally in Hongkong. The Colony's exports dropped by Hk.\$2,300,000 to Hk.\$42,500,000 in September, but imports were reduced by almost 25 per cent, falling off from Hk.\$52,100,000 in August to Hk.\$39,900,000 in September. This strong curtailment of trade may have contributed to the Hongkong Government's refraining from enforcing in the Colony the new British wartime trade and exchange controls with the same severity as in other British colonies. Of all the British possessions in the East, Hongkong has retained by far the greatest economic liberties.

Far to the South, Singapore seems to be well off. The Straits Settlements' September imports and exports show a certain reduction in the transit trade on behalf of the Netherlands Indies, French Indo-China and Siam, but a substantial increase in British Malaya's own trade. Exports of rubber and tin soared. Tin exports from Singapore in September actually were six times larger than only one month before, and surpassed the record figure of 10,000 tons. Press reports even alleged that Singapore suffered from a shortage of shipping facilities, but this was denied by the British authorities. The Netherlands Indies also considerably increased their export business, especially in rubber, tin, palm oil and copra, but with customers preferring to ship directly from Batavia and Sourabaya instead of via Singapore, in order to avoid the new British trade and exchange controls there.

Increased exports from the South Sea countries, if maintained for some time, ought to result there in a strong revival of economic prosperity, and in a sub-

stantial reinforcement of Indonesian purchasing power which, in turn, would appear to open new export possibilities for Japan and China. With Japan in the throes of commodity shortages and all sorts of economic control, Shanghai industries ought to enjoy, in the long run, a good chance of taking advantage of improved conditions in British Malaya and the Netherlands Indies. Besides this, however, there are at present hardly any tangible prospects for an early revival on a large scale of Far Eastern trade. With the Sino-Japanese war continuing to devastate China and sap Japan's economic resources to the utmost, the two leading nations of the Far East are exhausting each other's strength.

Stalin Gives His Followers Abroad Something to Ponder

Soviet troops have lately been moving into Esthonia in accordance with the recently-concluded pact of "mutual assistance" between Soviet Russia and Esthonia, and Communist Party mem-

The Lengthening Shadow



American Observer

bers in the latter country are now learning, in prison, the full meaning of the Stalinazi pact. According to a *United Press* dispatch from Helsinki on Oct. 28, Esthonian communists are being arrested wholesale, the Soviet Government having agreed that "any attempt by Esthonian communists to create a neo-political crisis (whatever that may mean) should be suppressed."

It seems that Stalin's "liberating" troops did quite a bit of the arresting themselves. Says the Helsinki dispatch: "Many Esthonian communists who appealed to the Soviet command to release imprisoned friends met with the reply that 'in Russia political agitators of that mind are hanged.'"

The Soviet press is meanwhile conducting a violent campaign against the "reactionary ruling classes" in Britain, France and the United States. The ire of Stalin's organs has been particularly aroused by the arrest of Communist Party members in France, the suppression of Communist Party publications in England, and the arrest of Earl Browder, General Secretary of the Communist Party in the United States, who is to be brought to trial on charges of using faked passports.

Explanation: In Stalin's own territories (including those recently acquired) Communists are an unmitigated nuisance, but in the democratic countries of the West they still have a nuisance value.

Stalin is Harnessed to Hitler's War Chariot, Declares Trotsky

WHO uses whom? Did the German-Soviet Pact make Hitler the servant of Stalin, or vice versa? This question is a matter of universal interest, and among political commentators there are adherents of both viewpoints. The fact that in the partition of Poland, the major portion of the country—geographically—went to Soviet Russia has led many to assume that Stalin got the best of the German-Soviet deal and that Hitler is now playing second fiddle to Stalin. This, of course, is a crude simplification of a question which involves many factors, some already evident, others still to be unfolded.

A lively and forceful contribution to a solution of this question, written by Leon Trotsky, exiled Bolshevik leader who is now living in Mexico City, appeared in a recent issue of *Life*, the well-known American weekly. Trotsky traces Stalin's life history from the early days of the Bolshevik Party, reveals the essential traits of his character by reference to his activities. This is important, for psychological motivations, although they do not explain everything in politics, nevertheless help toward an understanding.

The editors of *Life*, in introducing the writer, give a clear-cut appraisal of his qualifications: "In assaying Trotsky's views, readers should bear in mind that, while the editors of *Life* do not share his political beliefs, they consider him unquestionably the foremost authority on the subject which he treats herewith. With Lenin, Trotsky ran Russia from 1917 until Lenin died in 1924. After Lenin's death, Stalin ousted Trotsky and made himself dictator. Since 1928, Trotsky has been an exile but as a superb journalist, historian, critic and autobiographer, he has continued to maintain himself as a key figure in world history."

Stalin a Man of Contradictions

Trotsky spurns the appraisal of "superficial psychologists" like Emil Ludwig who have depicted Stalin as a perfectly poised being. "In reality," he writes, "he consists entirely of contradictions. The most significant of these is the discrepancy between his ambitious will and his resources of intellect and talent. What characterized Lenin was the harmony of his psychic forces: theoretical mind, practical sagacity, strong will, endurance. All this was tied up in one active whole. Without effort he mobilized in any suitable moment different parts of his spirit. The strength of Stalin's will is not inferior perhaps to that of Lenin's but his intellectual capacities, as compared to Lenin's, measure only 10 or 20%. Again, in the sphere of intellect there is a new discrepancy in Stalin: extreme development of practical sagacity and cunning at the expense of the ability to generalize and of the creative imagination. The hate for the powerful of this world was always his main driving force as a revolutionary, rather than the sympathy for the oppressed which warmed and ennobled the human image of Lenin who, however, also knew how to hate.

"In the period of the October Revolution, Stalin, more than anybody else, perceived his career as a series of failures. There was always somebody who publicly corrected him, overshadowed him and pushed him into the background. Like an internal ulcer, his ambition gave him no peace and poisoned his relations with eminent persons, beginning with Lenin. In the *Politburo* he almost always remained silent and morose. Only among primitive people without moral prejudices did he become smoother and friendlier. In prison he associated more easily with common criminals than with the political prisoners.

"Hardness represents an organic quality in Stalin. But in the course of the years he forged a considerable weapon out of this quality. On ingenuous people hardness often produces the impression of sincerity. 'This man does not think slyly, he says openly everything he thinks.' At the same time, he is hypersensitive, easily offended and capricious. Feeling himself pushed aside, he turns his back, hides in a corner and smokes his pipe, is morosely silent and dreams of revenge.

"In the struggle Stalin never refutes criticism, but immediately turns it against his adversary, giving it a merciless character. The more monstrous the accusation, the better. Stalin's policy, says a critic, violates the interest of the people. Stalin answers: 'My adversaries are agents of Fascism.' Before Hitler, Stalin had adopted the belief that the people will believe any lie so long as it is big enough. This theory, upon which the Moscow trials were based, might well be immortalized in psychology textbooks as the 'Stalin Reflex.'"

Proceeding from this appraisal of the master of the Kremlin, Trotsky goes on to show that the pact with Hitler reflected Stalin's fear of a war in which the Russian masses, rearmed, would settle accounts with the Kremlin clique and the privileged caste which it represents. It was this fear—of which the terrible and bloody purges of recent years were the outstanding product—that enabled Hitler to make a pact with Stalin and enlist the Kremlin as an ally of Nazism in a grandiose plan of military conquest. This is how Trotsky explains the matter:

Privileged Soviet Parvenus Afraid

"Stalin personally is not a coward, but his policy reflects the fear of the privileged parvenus for their own future. Stalin never had any confidence in the masses; now he fears them. His alliance

with Hitler, which astonished almost everybody, flowed inevitably from fear of the war. It was possible to foresee this alliance, but diplomats should have changed their glasses in time. This alliance was foreseen, particularly by the author of these lines. But Messrs. Diplomats, as simple mortals, prefer probable predictions to true predictions. However, in our insane epoch the true predictions are most often the improbable predictions. An alliance with France, with England, with the United States would be, of course, advantageous to the U.S.S.R. in case of war. But the Kremlin wanted above all to avoid war. Stalin knows that if the U.S.S.R. in alliance with the democracies should emerge from the war victorious, the Russian people would along the way with all certainty debilitate and reject the present oligarchy. The problem for the Kremlin is not to find allies for victory, but to avoid war. It is possible to attain that only by friendship with Berlin and Tokyo. This has been Stalin's goal since the victory of the Nazis.

"It is also impossible to close one's eyes to the fact that not Chamberlain but Hitler overawed Stalin. In the Führer, Stalin finds not only what is in himself but also what he lacks. Hitler,

Revolutionist

Hitler Aide



Leon Trotsky



Joseph Stalin

for better or worse, was the initiator of a great movement. His ideas, however miserable they may be, succeeded in unifying millions of people. So arose a party which armed its leader with power never before seen in the world. At the present time Hitler—combination of initiative, of perfidy, and of political epilepsy—prepares no less and no more than to rebuild our planet in his likeness and image.

"The personality of Stalin and his career are different. It is not Stalin who created the machine. The machine created Stalin. But a machine, like a pianola, cannot replace human creative power. Bureaucracy as bureaucracy is impregnated through and through with the spirit of mediocrity. Stalin is the most outstanding mediocrity of the Soviet bureaucracy. His strength lies in the fact that he expresses the instinct of self-preservation of the ruling caste more firmly, more decisively, and more pitilessly than anyone else. But that is also his weakness. He sees clearly for a short distance, but on a historical scale he is blind. A shrewd tactician, he is not a strategist. This is demonstrated by his attitude in 1905, during the last war, and in 1917. Stalin carried in himself the consciousness of his mediocrity. Hence, his need for flattery. Hence, his envy of Hitler and a secret deference to him.

"According to the account of the former chief of the Soviet espionage in Europe, Krivitsky, an enormous impression was made upon Stalin by Hitler's purge of June, 1934 in the ranks of his own party. 'There is a chief,' the sluggish Kremlin dictator said to himself. Since that time he has without doubt imitated Hitler. The bloody purges in the U.S.S.R., the farce of 'the most democratic constitution in the world' and finally the present invasion of Poland were all inspired in Stalin by the German genius with the mustache of Charlie Chaplin.

"The international advocates of the Kremlin—sometimes also its adversaries—attempt to establish an analogy between the Stalin-Hitler alliance and the Brest-Litovsk Peace of 1918. This analogy is a mockery. The negotiations in Brest-Litovsk were carried on openly before all mankind. The Soviet State in those days had not a single battalion capable of fighting. Germany was attacking Russia, seizing Soviet provinces and military supplies. The Moscow government had no choice but to sign the peace, which we ourselves openly called a capitulation of disarmed revolution before a powerful robber.

"And now? The present pact was concluded with the existence of a Soviet Army of many millions of soldiers. The treaty's immediate task was to facilitate Hitler's crushing of Poland. Finally, the intervention of the Red Army, under cover of the 'liberation' of eight million Ukrainians and White Russians, leads to the national enslavement of 24 million Poles. Thus, the two cases are direct opposites. The Kremlin attempts above all, with its occupation of the Western Ukraine and Western White Russia,

to give to the population of the U.S.S.R. a patriotic atonement for the hated alliance with Hitler.

Polish Invasion Is Revenge for 1920 Defeat

"But Stalin also has his personal motive for the invasion of Poland, as almost always, a motive of vengeance. In 1920 Tukhachevsky, the future Marshal, conducted the Red troops against Warsaw. The future Marshal Yegorov advanced toward Lemberg (Lwow). With Yegorov was Stalin. When it became clear that Tukhachevsky was menaced on the Vistula by a counterattack, the Moscow command ordered Yegorov to turn north in the direction of Lublin, in order to help Tukhachevsky. But Stalin feared that Tukhachevsky, after having taken Warsaw, would 'seize' Lemberg, thus depriving him of this achievement. Hidden behind the authority of Stalin, Yegorov did not fulfill the order of the General Staff. Only after four days, when the critical situation of Tukhachevsky became acute, did the armies of Yegorov turn north toward Lublin. But it was already too late. The catastrophe was there. In the high councils of the party and of the Army, all knew that the person guilty of the crushing of Tukhachevsky was Stalin. The present invasion of Poland and the seizure of Lemberg is thus for Stalin a revenge for the grandiose failure of 1920.

"The superiority of the strategist Hitler over the tactician Stalin is evident. By the Polish campaign Hitler ties Stalin to his chariot, deprives him of any freedom of maneuver, discredits him and, in passing, kills the Comintern. Nobody will say that Hitler has become a Communist. Everybody says that Stalin has become an agent of Fascism. But even at the cost of a humiliating and traitorous alliance, Stalin didn't retain his principle of peace.

"No civilized nation will be able to escape this cyclone, however strict and wise may be the laws of neutrality. Less than any other nation can the Soviet Union escape it. In each new stage Hitler will present to Moscow greater and greater demands. Today he gives to his Kremlin friend for temporary safekeeping the 'Great Ukraine.' Tomorrow he will raise the question of who is to be master of the Ukraine. Both Stalin and Hitler have little respect for treaties. How long will a treaty between them endure? The 'sanctity' of international obligations will definitely dissolve in the clouds of poison gas. 'Every man for himself' will become the slogan of the governments, of the nations and of the classes.

"The Moscow oligarchy, in any case, will not survive the war, by which it is so thoroughly frightened. The fall of Stalin will not serve Hitler, however, who is proceeding with the infallibility of a somnambulist to the brink of the precipice. Hitler will not succeed in rebuilding the planet, even with the help of Stalin. Other people will rebuild it."

Missouri Politics of Interest to Americans in China

Governor Lloyd C. Stark of Missouri, who won a national reputation in the United States due to his drive against gambling, racketeering, political graft (called "squeeze" here) and crime in Kansas City, has announced his candidacy for United States Senator in the election next year. In a statement published in *The Kansas City Star* on Sept. 15 Governor Stark announced himself as a 100 per cent supporter of President Roosevelt and declared that "in this present emergency I am doing and shall continue to do all in my power to uphold the hands of our great President to the end that he may so lead our people and so direct the course of national affairs that peace may be preserved and our people avoid the jeopardy of another war."

There is special interest in Gov. Stark's candidacy in that his declaration in support of the President's policies on neutrality and other issues concerning America's reactions to the war situation in Europe put him in direct opposition to the isolationist Senator Bennett Champ Clark, who opposed any change in the neutrality laws. Governor Stark, who saw service in the last world war, announced several weeks ago that he favored the withdrawal of the arms embargo and supported the "cash and carry" plan advocated by the Administration.

In the debate in the Senate last week Senator Clark ridiculed the apprehension which prevailed in the United States over Japanese aggression and declared his belief that Japan could not attack the United States unless she had a navy three times larger than the U.S. Navy. Clark was one of the ringleaders who forced through the original Neutrality Law which may have had some influence in encouraging Hitler to launch his war—in the belief that the United States would not be able to sell munitions and otherwise help the European Democracies.

In an interview published in the *Saturday Evening Post* a year ago, the following illuminating paragraph regarding Senator Clark's attitude toward world affairs appeared:

"In campaigning around Missouri, Senator Clark has made the interesting discovery that voters, even in the remote hamlets, are more interested in peace legislation than in any other kind of issue. In sections where denunciations of the

iniquitous protective tariff used to draw the loudest applause, the cheers now go to declarations such as this somewhat spread-eagle passage from one of the Senator's preprimary addresses: 'I disagree entirely with the view of some of our citizens, supported by a highly financed propaganda, that it is the duty of the United States to act as the policeman of the world, more particularly to protect the investments of a handful of adventurers abroad. So far as I am concerned, I would not give the life of one honest, God-fearing American boy for all the two hundred millions of Standard Oil and other investments in China.'"

While Americans are still strongly opposed to participation in the European War, the vote on the Neutrality issue in the Senate indicated a tremendous change in public sentiment on the part of the people regarding the isolationist position which Senator Clark supported.

Governor Stark's opponent in the race for the Senate next year will be Harry S. Truman, who owed his election to support of the so-called Pendergast political machine, the head of which, T. J. Pendergast, was sent to Federal prison as a result of a cleanup campaign conducted by Gov. Stark and the Federal Department of Justice. Governor Stark has also been mentioned as a possible candidate for President or Vice-President on the Democratic ticket in the national election next year. Mrs. Stark has traveled in the Far East and is said to be deeply interested in developments in China.

Japanese to Build Memorial from Bricks of Mukden City Wall

The Japanese authorities who control the government of the puppet state of Manchukuo, have ordered the destruction of the ancient city wall of Mukden. The bricks, many of them five centuries old, will be salvaged and used in the construction of a memorial to a famous Japanese militarist, Field Marshal Oyama, who commanded the Japanese forces in the battle of Mukden in the Russo-Japanese war of 1905. The Oyama memorial is under construction at Chiyoda Park.

The ancient wall about the old city of Mukden, one of the most famous of China's city walls, was built five centuries ago by a Manchu emperor to protect his capital against the guerrillas and marauders of the Yuan Dynasty. It is 30 feet high, 16 feet wide at the top and 26 at the base and is four miles in circumference. A motor boulevard will be built about the city on the foundation of the wall, according to the Japanese authorities. The picturesque Tananmen gate, through which Field Marshal Oyama passed after his victory over the Russians thirty-four years ago, will be preserved.

Aside from the Japanese desire to use the materials in the construction of the Oyama memorial and shrine, it was claimed that the gradual deterioration of the wall had caused numerous deaths, 17 allegedly having been killed this year as a result of falling debris.

♦♦

A large force of Chinese coolies, under the direction of Japanese engineers, started cutting through the ancient city wall of Peiping on October 28. The Japanese purpose, according to the report (*Reuters*) is to extend the chief city street, Tung Chang An Chieh, westward to a point near the present Race Course where the Japanese are engaged in developing their new residential area. The other end of the same street will also be cut through the wall on the east, in order to link up with the agricultural area where the Japanese are planning to build their own industrial center.

Whether the Japanese intend ultimately to remove the famous Peiping city wall is not known. The wall was built between 1368 and 1644 in the early days of the Mings. It is the largest and strongest city wall in the country, the average height being 50 feet, with a thickness of 40 feet.

Simultaneously with the announcement of the breaching of the wall, the Japanese newspaper in Peiping announced that the Tokyo Government was planning to send 200,000 settlers to North China. There are now about 40,000 Japanese in Peiping. According to the *Reuter* report, Japanese developments in North China "begin to read like a page out of the handbook on the construction of Manchukuo."

An article in the *North-China Daily News* (Shanghai) by its Peiping correspondent, dated Nov. 1, said there are now nearly 60,000 Japanese in Peiping and more are arriving at the rate of 2,000 a month. The correspondent said that Peiping was rapidly becoming a Japanese city; that 90 per cent of the occupants of motor cars and 75 per cent of those in rickshas are Japanese; that in some of the streets one sees more Japanese than Chinese. The housing problem has become unbearable and the cost of living has soared to terrific heights. The Japanese have plans for a special suburb and they are not affected by high food prices as they have certain official delivery centers where cheap prices prevail.

About a year prior to the Japanese occupation of Peiping a number of American residents who were interested in preserving the scenic beauties of the city raised a fund of several thousand dollars for the repair of the city wall, arches and pavilions about the city.

Chinese Army Heads Confer in Hunan

THE reportedly impending Chinese offensive on the Hunan, Hupeh and Kiangsi fronts had still not been opened by the middle of the present week, and the only indication that large-scale Chinese military moves might be in preparation was a *Domei* dispatch from Hongkong on Oct. 27 stating that by order of the National Military Council in Chung-

ing the closeness of Chinese forces to Yochow, *Kuo Min* reported from Milo on Oct. 29 that Chungfang, about five miles east of Taolin, which is southeast of Yochow, was recaptured by Chinese troops for the second time.

Activity in North Kiangsi

On the northern Kiangsi front, the Chinese claimed recapture of Haoping, immediately to the south of Wuning, last Sunday.

Chinese reports early this week said that Japanese reinforcements were

Chinese Dollar Shows Distinct Upward Trend

A marked appreciation in the exchange value of the Chinese dollar, attributed in part to the flight of Chinese capital from Hongkong to Shanghai, was noticeable late last week and early in the current week. From a previous low of 14 Chinese dollars to one U.S. dollar, the rate had advanced to \$11.50 on Monday of this week, dropping again to \$11.90 the following day.

Victory on Hunan Front Celebrated in Chungking



Photos by Thomas Kwang

Chungking, the provisional capital, presented a gay appearance early last month when the populace turned out to celebrate the victory gained by Chinese forces on the Hunan front. A day of festivities was climaxed by a huge procession. As seen in the picture at left, decorated trucks, whose occupants set off firecrackers, were a feature of the parade. The picture at right was taken on the Double Tenth anniversary, when the victory was celebrated all over again. It shows a Chinese soldier in full war accoutrement, mounted on a truck decorated to represent a city wall.

king Chinese army leaders in the Ninth War Zone had gone into conference at Nanyueh, in Hunan.

Gen. Pai Chung-hsi, Chief of Staff, presided at the meeting, according to *Domei*, while others present were Gen. Chen-Cheng, Gen. Hsueh Yueh (Commander of the Ninth War Zone) and Gens. Huang Chih-siang, Shang Chen, Lo Cho-ying, Kuan Lin-cheng and Wang Ling-chi.

Yochow, strategic city in northern Hunan close to the Hupeh border, has still not been recaptured by the Chinese, although towns in the neighborhood have fallen before Chinese assaults, it is claimed. Some of these towns have changed hands twice during the past three weeks. Indicating

being rushed into northern Hunan, and this was thought to presage another Japanese drive for the capture of Changsha.

Fierce fighting has been reported during the past ten days in southern and western Shansi, but no spectacular victories have been claimed by either side. Chinese military establishments in Shensi and Kansu were bombarded from the air by Japanese planes on Oct. 30, according to a *Domei* report from Hongkong. One of the targets of the raiders was the town of Pingling, on the Sian-Lanchow highway, the report said. Loyang, in Honan province, was bombed the same day, according to Chinese reports.

Recent Chinese military victories and the continuance of peace rumors were also held, in some quarters, to be factors influencing the rise of the currency.

According to a *Domei* report from Hongkong on Oct. 25, fear of the extension of British war-time restrictions on the movement of capital to non-British subjects was causing Chinese financiers in the Colony to purchase Chinese dollars for conversion into United States dollars in Shanghai. Another factor believed to be influencing the flight of Chinese capital was the recent introduction of a 10 per cent income tax in the British colony, which, from the beginning of the Sino-Japanese hostilities has been a concentration point for the funds of Chinese capitalists.

Political Murders Rife in Shanghai

While the Shanghai Municipal Council, moving to end the reign of lawlessness which for a long time past has made the Western Outside Roads District notorious, was expected to complete formulation this week of concrete proposals for a settlement of the dispute with the "Ta Tao" administration over policing and other matters, political gangsterism, accompanied by murder and abduction, are continuing to figure prominently in the local news. Among the victims are men loyal to the Chinese Government and also Chinese believed to be affiliated with the Japanese or their puppets.

Hsia Jen-lin, local newspaperman employed by the *Chinese-American Daily News*—an organ subjected to repeated attack by the Wang Ching-wei clique in recent months—disappeared last Wednesday night. All efforts by police of the French Concession and International Settlement to trace the missing man have failed, and it is feared that he may have been abducted and killed by political assassins.

Prominent Men Killed

On Saturday last, shortly before noon, two prominent men, both said connected with the Japanese, were killed. The first, Li King-piao, adviser to puppet Mayor Fu Siao-en's City Government and formerly a police officer of the now defunct City Government of Greater Shanghai, was shot by an unidentified assassin in a pharmacy at 275 Rue Brenier de Montmorand in the French Concession. With two bullet wounds in his head, the victim succumbed later in hospital. It is alleged that he was connected with the Hwa Wei lottery business in the Western "Badlands" district.

The second victim was Prof. Wang Fuh-yen, professor of international law at Fuh Tan University. He was returning to his home on Route Tenant de la Tour when a killer approached and stabbed him several times in the back. He died in hospital. Prof. Wang was rumored as the next editor-in-chief of the *Standard*, a Chinese paper said to be reappearing shortly under the political banner of Wang Ching-wei.

Ex-Blueshirt Shot

Liu Yi-shih, former leader of Gen. Chiang Kai-shek's Blueshirts in North China and lately an informer in the pay of the Japanese, was shot and killed in Peiping on Oct. 25 as he was entering a French hospital to visit his father. A lone gunman did the job and then escaped. Liu is alleged to have supplied the Japanese with a complete list of the members of the Blueshirts in North China. An attempt on his life two weeks earlier was unsuccessful.

Five robber suspects including a former private ricksha coolie employed by the victim appeared in the First Special District Court on Oct. 27 in connection with the \$135,000 armed robbery committed on October 12 at the Chiu Ju native bank, 84 Seward Road. The suspects admitted that they had participated in the

Police and Military Watch 'Badlands'



North-China Daily News Photos

These scenes were the immediate sequel to an attack by "Badlands" gunmen on two members of the Shanghai Municipal Police at the corner of Yu Yuen and Edinburgh Roads on Oct. 20. As reported in last week's issue of *The Review*, one of the policemen was shot dead and another badly wounded. Above is seen an armored S.M.P. car at the street intersection where the shooting took place, while the lower picture shows a sandbag emplacement erected by a detachment of British East Surrey Regiment at the Edinburgh and Great Western Roads intersection, which is within the British defense sector.

crime but alleged that their ring-leader and several other members of the gang were still at large. A woman suspect was released. Hearing was postponed pending further investigations.

Reich Warship Said to Have Entered Pacific

The German pocket battleship *Admiral Scheer*, has entered the Pacific Ocean, according to a *Domei* report from London on Oct. 28 which said the warship had skirted the southern end of South America and entered Pacific waters.

The *Admiral Scheer* and another German warship, the *Deutschland*, were previously active in the Atlantic Ocean, and it was believed that shipping in the Pacific would now be threatened.

New Soviet Envoy Departs for Tokyo

M. Constatin Smetanin, former counsellor of the Soviet embassy in Tokyo, who was recently elevated to the rank of ambassador, departed from Moscow for his new post on Oct. 22, *Domei* reported.

Explaining the recent withdrawal of the Soviet consular staff from Shanghai, Mr. S. A. Nikitin, counsellor of the Soviet embassy in Peiping, said last week that they had departed for Moscow to confer with the new staff of the Foreign Commissariat and to acquaint themselves with the new Soviet foreign policies inaugurated since the removal from office of Soviet Foreign Commissar Maxim Litvinov. The consulates in Peiping and Tientsin, he added, would remain open although the staffs had been reduced.

Japanese Sentry Shoots 2 Priests

Critically wounded by a Japanese rifle bullet, Brother E. Gauvin, Canadian missionary of the Vicariate of Hsuehchow, Kiangsu province, was hovering between life and death early this week, while another Canadian missionary of the same institution was making a rapid recovery from a less serious wound due to similar cause.

The two priests, together with a third, the Rev. L. Bourassa, were fired at by a Japanese sentry at Yaolou, 10 miles southwest of Hsuehchow, according to a *Reuter* report from Peiping, which said that the incident occurred on Oct. 27. The Rev. Bourassa, who was not wounded, was taken into custody by the Japanese.

A *United Press* report from Peiping said that according to Japanese reports the Canadian Jesuits were fired on because they had failed to obey the sentry's order to halt. At the time, it was stated, they were dressed in Chinese garb and were riding bicycles, and the sentry allegedly believed them to be Chinese guerrillas.

The version of the shooting given at the local Japanese press conference on Monday of this week declared that the three missionaries fled when challenged. There was some distance between the sentry and the three riders, but the latter were within hearing distance and, according to the sentry, turned toward him when he called, indicating that they had heard his challenge. They continued on their way, however, whereupon the sentry opened fire. Two of the men fell, while the third was captured unhurt after he had proceeded some distance further.

The local spokesman said that there had been some bandit activity in the district, and that it had been the practice for bandits to use bicycles for the purpose of communicating with each other and for transportation. Because of this, he pointed out, the Japanese sentries had strict instructions to halt all cyclists.

Train Wrecks Caused By Chinese Guerrillas

Rumblings over a concealed mine laid by Chinese guerrillas, a Hangchow-bound Japanese troop train was blown up near Chuchia-chiao, between Changan and Shechia, on the Shanghai-Hangchow Railway, at about 8 a.m. on the morning of Oct. 24, according to a report in the *Shun Pao* which said that more than 100 Japanese officers and men were killed or wounded and 12 coaches demolished, many of the casualties occurring when the guerrillas, waiting in ambush, rushed out of hiding to engage the panic-stricken survivors.

According to the same paper, Chinese guerrillas removed 500 meters of rail from the Shanghai-Nanking Railway near Wanting station on Oct. 26, causing the derailment of the locomotive and five freight cars of a mixed train.

PROPERTY RESTORATION IN RUSSIA FORECAST

A "sensational surprise"—no less than the legalized reintroduction of private property in industry, land and buildings—is in preparation by the Stalin Government for the twenty-second anniversary of the Bolshevik Revolution on Nov. 7, according to a *Reuter* dispatch from Paris quoting a Moscow report on Oct. 27. Decrees providing for the "revolutionary" change were being drafted and would provide, among other things, that the new privately-owned factories should not employ more than 50 workers each, it was stated. Observers are wondering how Soviet theoreticians will square the presence of private property with Stalin's claim that socialism has been "completely and irrevocably" established in the U.S.S.R.

Japanese Said Cornering Local Vegetable Market

Shanghai is facing a vegetable "famine" as Japanese and their Chinese agents have allegedly started an intensive campaign to curtail importation of fresh greens to the Settlement and Concession from the occupied areas, local Chinese trading circles reported early this week.

During the last few days, it was stated, many shiploads of vegetables, particularly those coming across the river from Pootung, have been forced by puppet officials to land in Yangtszepoo and Hongkew.

The head of this gang is said to be a Mr. Yu, who, until his recent assignment, was the chief interpreter for the Japanese Water Gendarmes in this area.

On arrival at the Hongkew wharf, according to the same sources, some of the traders have been forced blindly to "sign" away their shipments under the misapprehension that their signature would relieve them of the trouble of obtaining the necessary passes to enter the area. Instead of being paid the market prices for their produce, however, the traders were forced to dispose of their shipments at an arbitrary price fixed by the Japanese and their agents.

Tokyo, Shimonoseki to be Linked by New Railroad

Building of a 980-kilometer railroad between Tokyo and Shimonoseki that would reduce the time of travel between the two cities by more than 10 hours was decided upon Oct. 28 by a special committee of the Ministry of Railways in Tokyo, *Domei* reported. The railroad will cost Yen 350,000,000 and take until 1948 to complete, according to the plan agreed upon. Japan's crack Fuji express train, the fastest transportation between the two cities, now requires 18 hours to make the trip, but trains running on the projected new line would be able to make the run in seven hours and 40 minutes.

Local American Jailed For Gun-toting Spree

Pleading guilty to charges of carrying a concealed weapon, assaulting a Chinese hire car chauffeur and theft of a pistol from a resident of the Foreign Y.M.C.A., Raymond L. Herrmann, 28-year-old unemployed American, was sentenced to nine months' imprisonment in Ward Road jail when he appeared in the U. S. Court for China on Oct. 31.

On a drunken spree last Sunday evening, Herrmann fired several shots from the stolen pistol while travelling along Yu Yuen Road, in the Badlands area, where earlier he had been patronizing the Hollywood gambling joint. With the same weapon he intimidated the driver of a hire car who was taking him to Farren's night club and refused to pay the car fare.

Herrmann, who said he came to Shanghai in 1932 as a missionary associated with the Franciscan Fathers, later joining the staff of the Texas Company, and latterly unemployed, was told by Judge Milton J. Helmick that he was being given a lenient sentence because he had pleaded guilty and saved the government the expense of a trial.

Tokyo Police Reveal Attempt on Ugaki's Life

Gen. Kazushige Ugaki, former Governor-General of Chosen and one-time Foreign Minister, narrowly missed assassination by a 20-year-old "rightist" on July 28, the Tokyo police revealed on Oct. 31. Masayoshi Yabuuchi, a clerk in a business firm at Iwanuzawa, the Hokkaido, was turned over to the judicial authorities by the police on a charge of attempted murder, it was simultaneously revealed.

The youth boarded a train in which Gen. Ugaki was riding on his way back to Tokyo from a tour of Saghalien and the Hokkaido, carrying a three-inch dagger, the police disclosed. Because of the heavy guard thrown around Gen. Ugaki, he was unable to approach his intended victim. Yabuuchi would have gone undetected had he not complained to his friends about his failure.

Under police examination, Yabuuchi reportedly said that he had tried to "rid" Japan of Gen. Ugaki because the latter, in his opinion, was obstructing the reformation of the country and a successful military campaign in China.

Indo-China Authorities Ban Transit Trade Again?

Effective Nov. 1, the authorities in French Indo-China are reimposing their ban on the transportation of commodities through that territory to the interior of China, according to Chinese reports from Kwangchowwan, quoted Oct. 30 in a *Domei* dispatch from Hongkong. All China-bound cargoes already in Indo-China, the reports said, would have to be cleared by the end of October.

Earlier reports said that the revived ban had gone into effect in September, but was relaxed as a result of negotiations between the Chinese and French authorities.

Counterfeiting Activities of Stalin Government Exposed by Ex-Agent

BY WALTER G. KRIVITSKY

(Saturday Evening Post)

Editor's Note:—At the end of 1929 and again early in 1933, United States Treasury officials were mystified by the sudden appearance of large numbers of fake \$100 bills. Federal agents finally traced their origin to Soviet Russia, but the full story of the counterfeiting operation has only now been disclosed by Walter G. Krivitsky, former Red Army general and chief of the Soviet Military Intelligence Service in Western Europe, now an exile living in the United States. His revelations appeared in an article in the Saturday Evening Post of Sept. 30, of which the following is a condensation. It is interesting not only for the fact that it throws new light on the character and modus operandi of the Kremlin dictator, but also because the author reveals the fact that Stalin had hatched a counterfeiting plot involving China.

THE years of 1928-32 marked the life of the first Five-Year Plan. They were the years of our heaviest purchases abroad of machinery and materials for the gigantic drive to industrialize Soviet Russia. One of the major consequences of that drive was an acute shortage of foreign exchange in Moscow. And this in turn led to what may be called Stalin's Five-Year Counterfeiting Plan, a bold experiment launched with a printing of about \$10,000,000 in bogus United States currency.

In the course of these years the globe was circled by a trail of spurious \$100 Federal Reserve bank notes. They first trickled and later flowed into the United States Treasury from Shanghai and San Francisco, from Houston and New York, from Montreal and Havana, from Warsaw and Geneva and Bucharest, from Berlin and Vienna, from Bulgaria and Yugoslavia.

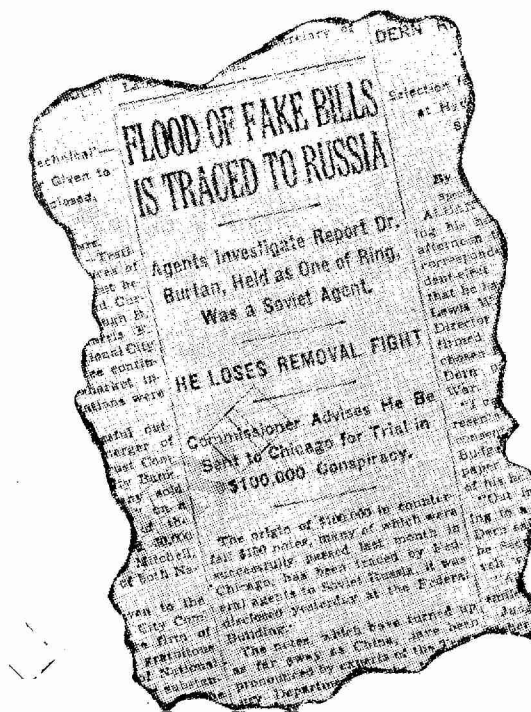
Stalin's Primitive Nature

Stalin's counterfeiting experiment betrayed in full his primitive nature as a political boss and his profound ignorance of world conditions. When faced by major difficulties in his industrialization campaign, Stalin frequently sought escape in methods of common crime. In this process, he turned idealists into gangsters, and broke them on his wheel of power. Acclaimed by his adherents as the great leader of a great government, Stalin's adventure in counterfeiting shows the real man in the Kremlin.

It was no mere whim of a bureaucratic mind which invented the counterfeiting enterprise. Dire economic necessity was its mother. The fund of foreign exchange in the Soviet Treasury was woefully inadequate for the first-line industrial departments. It put the purely political and non-productive branches of the government, such as the foreign divisions of the OGPU and the Soviet military intelligence, in a critical budgetary

condition at a time when they, too, were expanding their services. This condition caused them to seek sources of easy money.

The world learned something about this quest for *valuta*—gold and its equivalents. There was even a special Valuta Department organized by the OGPU, which employed every conceivable method of terror to pump hidden foreign currency and other treasures out of the population. It reached its tragic climax in the so-called Dollar Inquisition, the systema-



Above, first news of the counterfeiting plot in America from the front page of the N. Y. Times of Feb. 24, 1933. Right, Franz Fischer, Soviet agent, who passed the counterfeit bills in Berlin.



To be sure, the experiment finally foundered. In the Federal Penitentiary of Lewisburg, Pennsylvania, there is a prisoner now serving a fifteen-year sentence for victimizing several Chicago banks to the extent of \$25,500 in the counterfeit \$100 bills. The prisoner is Dr. Valentine Gregory Burtan, New York physician, identified as a prominent Communist. But Doctor Burtan took his punishment stoically, and at no time, during his trial in 1934, did he reveal the higher-ups in Moscow whose agent he was.

Other mishaps, with lesser consequences, had marked the counterfeit experiment in Europe. Three years before the discovery of the transactions in Chicago, a serious failure had occurred in Berlin. There the private banking firm of Sass & Martini had been acquired, in a

tic extortion from Soviet citizens of relief remittances sent to them by relatives in America. Many of the victims were imprisoned and tortured by the OGPU until ransom money arrived from abroad to set them free.

But the public knows almost nothing about the other source of easy money tapped by Stalin through the counterfeiting adventure. To this day the history of the forged \$100 notes remains the great unsolved mystery of its kind, although the American secret service did voice suspicions that the counterfeiting ring had its origin in Soviet Russia.

The Kremlin Knew

The source of the bogus money was, however, never a mystery to the man in the Kremlin. The headquarters of the counterfeiting industry was located in the deepest recesses of the Soviet secret service. The distributors of the fake currency were Soviet agents.

devious manner, by the Soviet Government for the express purpose of exchanging in bulk the spurious \$100 bills. The collapse of that venture and the flight of its promoter caused an international sensation at the time, but did not prevent Moscow from eventually renewing its effort to trade in the counterfeit currency.

Soviet Emissary Passed the Money

There were other singular features to the experiment, which might have merited an international inquiry.

First, the \$100 notes were printed on special stock imported from the United States, and were of such superb workmanship that bank tellers in America accepted them as authentic years after their first appearance.

Second, so sure were the makers of the notes that their product would defy detection that they offered the bogus currency in quantity for exchange to leading American financial institutions.

Third, the pivotal agents for the "counterfeiting ring" did not engage in the illicit business for motives of profit. Both the man involved in the Berlin scandal and the prisoner convicted in Chicago were found to be zealots inspired by their own brand of idealism.

Alliance With Underworld

Fourth, the various police probes exposed a strange alliance between Stalin's agents and the criminal underworld. In the case of the Berlin episode, the Soviet representatives were linked with American racketeers operating in Western Europe. In the case of the Chicago conspiracy, there was a similar pooling of forces of Soviet agents with known gangsters, as established in the trial of Doctor Burtan in the Federal Court of Chicago.

My own introduction to Stalin's counterfeiting plan occurred unexpectedly, early in 1930, while I was on a special mission for the Soviet military intelligence in Austria and Italy. The news of the collapse of the Sass & Martini Bank, in Berlin, broke at that time. I instantly recognized the hand of Stalin behind the production of the forged currency. Shortly after the fiasco in Berlin I was given the assignment to liquidate the embarrassing affair as quietly as possible.

Made in Moscow

In the course of this liquidation I discovered that the counterfeit industry had been planned in Moscow, that the printing had been done by the Soviet Government itself. I also learned the identity of the Soviet agent who had been in charge of the business in the United States and Western Europe. Subsequently I met in Vienna and in Moscow an American Communist, in the service of the Soviet military intelligence, who had played a most important part in the exchange of the bogus bills.

I was on the way from Vienna to Rome on January 23, 1930, when the first intimation of Soviet participation in the counterfeiting affair came to me through the Berliner Tageblatt. A sensational headline in this dignified paper, displayed over a story running across the top of the entire page, struck my attention. It read: "Who Counterfeits the Dollars?"

I was much upset by the newspaper report, and with good reason, for it named people whom I knew only too well. It began as follows: "The news of the circulation of counterfeit \$100 bank notes formed today the topic of conversation in banking circles and on the stock exchange. Up to now neither the counterfeiters nor their plant has been discovered. But the latest investigations have established that Franz Fischer, of the Neue Winterfeldtstrasse 3, who had undertaken the passing of the counterfeit notes in Berlin, returned from Russia to Berlin in March, 1929."

When the name of Franz Fischer leaped at me from the page, I could not help exclaiming to myself: "What the devil! This must be our affair." The rest of the account in the Berliner Tageblatt and in other

papers which I purchased along the way confirmed my worst fears. It appeared that an American group of promoters, who had dealt in Canadian mining shares, had acquired, in the fall of 1929, the private banking house of Sass & Martini, a firm founded in 1846. The promoters then stepped out and turned the ownership of the institution over to a certain Herr Simons, from whom the trail led to none other than Paul Roth, formerly Communist member of the Berlin Municipal Council. I knew Roth as a confidential employee of the Soviet Embassy in Germany. Franz Fischer was described as the chief customer of the bank. I had known Fischer since 1920. I knew that he had for years been in the service of the Soviet military intelligence, that he had been operating under the supervision of Alfred, one of our leading officers abroad. And I also knew that Alfred had, since 1927, been spending most of his time in the United States.

Old-Fashioned Notes

The facts as reported in the press showed that on December 10, 1929, Franz Fischer exchanged at the Sass & Martini Bank a sum of \$19,000 in \$100 bills. The notes were deposited with the Deutsche Bank, which shipped a quantity of them to The National City Bank of New York. As the \$100 notes were of the old-fashioned large-size type, then already a discontinued issue, they naturally created interest upon their arrival at the Federal Reserve Bank in New York and were subjected to close examination. A microscopic investigation by experts identified them as counterfeits of a pattern already familiar to the Treasury. On December twenty-third, word reached Berlin by cable from New York that the notes were spurious. The message warned the German banks and authorities that the counterfeit bills were the best imitation ever discovered.

The Work of Experts

The Berlin police, under Commissioner von Liebermann, swooped down upon the Sass & Martini establishment, and promptly unearthed its true character. All the transactions in the bogus bills led to Franz Fischer, who had a record as a militant Communist, but Fischer himself vanished. The police investigation soon ran into a blind alley. Fischer's connections with Moscow were known. It was no secret to the authorities that he had been employed during 1925-27 in the automobile section of the Soviet Trade Mission, in Berlin. Fischer had at one time made a hobby of automobile racing.

"Surely the United States Government will now discover that this is an affair of Soviet origin," I thought to myself. The more I pondered over the affair, the more fantastic it appeared that the government of a great state should engage in such business in this modern age of international trade and exchange. I felt that I had to take some action in the matter before it reached a critical stage.

Fortunately, I was to meet at Rome Stalin's personal and confidential emissary, General "Ter" Tairov, then

abroad on a tour of inspection of our secret services. A native of the Caucasus, like Stalin, he later became the Soviet minister to the Mongolian People's Republic, which is to say that he was Stalin's viceroy in Mongolia.

I now met Tairov at the Tivoli, in Rome, and wasted no time in raising the issue of the counterfeit dollars.

"That is some messy affair over in Berlin," I observed. "I am afraid it will develop into an international scandal. It will wreck our military-intelligence organization, and compromise the Soviet Government."

"Nitchevo!" replied Tairov, with a shrug, dismissing the matter lightly with the familiar Russian word which means, "it will all come to nothing."

"And I believe that you'll all pay with your heads for it," I asserted, somewhat aggressively. (This prophetic warning was somewhat belatedly confirmed in July of this year, when General Tairov was stripped of his decorations and "liquidated."—Ed.)

Stalin Fully Informed

"Don't you worry about it," Tairov reassured me. "The Boss knows all about it. You don't think the boys in the Fourth Department [the Soviet Military Intelligence] would go in for this kind of business without the knowledge of Stalin!"

I was taken aback for a minute. Indeed, General Berzin would never have ventured into this kind of an enterprise without the authorization of Stalin and the Politbureau—the supreme political council of the Communist Party. I proceeded, however, to argue the case with Tairov and to point out to him its broader aspects.

Tairov was in a quandary as to what to do about the Sass & Martini affair in Berlin, and finally admitted that something had to be done about it. But he still tried to defend the counterfeiting plan, and spoke of the acute shortage of *valuta*—foreign exchange—in Moscow. Yet he was apparently shaken by all my arguments, and yielded ground.

For the China Trade

"Perhaps you're right, after all, as far as Europe is concerned; but you understand, this business was organized primarily with an eye upon China. Over there we have been in a position to float millions of dollars in safety and we need them badly there."

I was stumped, for I knew nothing about conditions in China. The matter was dropped until our next meeting, which took place at Ostia, the new seaport built near Rome. Here I pressed Tairov to take action to put an end to the whole business as quickly as possible. The echoes of the Sass & Martini case were now heard from all quarters of the globe.

The Bankers' Association of Berlin issued a public warning against spurious United States bank notes of \$100 denomination bearing an oval portrait of Benjamin Franklin.

The Berlin police announced that "these [\$100] bills are so cleverly

forged that no foreign bank has ever detected them," and broadcast its belief that "millions of dollars in the counterfeit currency are believed to be in circulation in America and Europe."

A bulletin from Geneva proclaimed on January 23, 1930: "American Treasury Officials warned the Federal Police Department at Berne that \$100 false notes are circulating in Switzerland."

The following day, word came from Berlin that "about \$40,000 in forged \$100 bills were discovered to date. A reward for the capture of Fischer was announced by police."

Passed in Havana

On January twenty-sixth, the Associated Press carried the following dispatch from Havana, Cuba: "Police revealed the existence of an international counterfeiting ring in Havana, said to have circulated in the last week between \$75,000 and \$100,000 in bogus United States Federal Reserve \$100 bills of the New York bank. A survey of the American banks here showed all were holders of a number of the bills. The Havana branch of The National City Bank has fourteen, and has refused to accept approximately \$16,000 in bills. All banks have installed special tellers to scrutinize large-denomination currency. The Casino Nacional, an expensive gambling place, is said to have received many of the fraudulent notes."

On February sixth, news came from Warsaw of the arrest of a Communist leader found in possession of counterfeit American currency, and of the discovery of "large quantities of forged United States \$100 notes in a bank in Lwow (Lemberg)." It was followed by similar reports from Antwerp, Belgium.

The Federal Reserve Bank of New York issued a circular on February 22, 1930, which called attention to several fine discrepancies in the fake bills.

On March third, large quantities of the counterfeit currency were encountered in Mexico City. Here, too, the workmanship was pronounced very skillful.

On March seventh, seven smugglers of the false \$100 bills were seized at Teschen, on the Polish-Czech frontier.

Liquidating the Swindle

While these far-flung developments were going on, Tairov had communicated with Moscow and received orders to assign me to the liquidation of the affair. I had in the meantime returned to Vienna, where I met Alexandrovsky, then the representative of our military-intelligence department in Austria. I found him in a state of nerves. He had been called upon to clean up the mess created by Alfred, and to help smuggle Franz Fischer out of Central Europe and into the Soviet Union.

"I am a finished man," he said to me despondently. He realized that once he got to Soviet Russia, he would never be permitted to leave it. He also knew that Stalin could not afford to allow him to survive abroad or to let him fall into the hands of the police. I was deeply moved by his fate. After all, he did the job in his line of duty, under orders from

Alfred, who was responsible for wrecking the life of Franz.

It took some time before I made Alfred realize the gravity of the situation created by the Franz Fischer episode. He sat there like a man awaiting a death sentence, and finally asked imploringly, "What's to be done?"

I told him that all the bills had to be called in by him, that all his agents were to be instructed to lay off the business, and that he would have to go back to Moscow. But I was not sure that Alfred would carry out my orders. I therefore arranged for Tairov to meet him and me together, and to confirm the fact that I had been given full powers in the case.

Notes Go to Moscow

It took me several weeks to liquidate the affair and to have the outstanding counterfeit currency shipped back to Moscow. In May, 1930, Alfred, too, went back home. The storm seemed to have subsided, although subsequently \$100 notes appeared now and then in the Balkans. Fischer had arrived safely in Soviet Russia. About June twentieth, I returned to Moscow to report to General Berzin on the matter.

Tairov was also in Moscow, and he was present at the conference with my chief. General Berzin embraced me as an expression of his gratitude for my jumping into the breach caused by the collapse of the Sass & Martini Bank. In the course of our conversation, I offered some frank criticism of the whole enterprise.

"Counterfeiting \ surely is no business for a great state to go into," I observed. "It puts us on a par with some small underground sect without resources."

Berzin explained that the plan had been worked out with a view to China, where large-scale operations were possible, and admitted that it was not suitable for the West. I argued that the undertaking was absurd from every point of view.

"Did not Napoleon print British bank notes?" Berzin countered. I recognized in that argument the voice of Stalin himself.

"It's a comparison which won't stand up," I replied. "For one thing, Napoleon controlled the entire continent. We don't. For another, modern conditions are so different that a few million dollars' worth of currency could accomplish nothing except perhaps to seriously injure the Soviet Government's prestige, for which all of us would be shot as scapegoats."

I went away feeling that the counterfeiting venture had been killed for good, and that the bank notes on hand would be destroyed. But I was mistaken, as subsequent events in New York and Chicago proved.

In the late fall of 1931, General Berzin suddenly dispatched me once more to Vienna to act as a trouble shooter in another mess. This time several of our intelligence officers were caught in the nets of the Austrian police. I was sent off by plane to Vienna to attend to the trouble so as to avoid a public scandal, although the press had

already reported something about the arrests.

Trouble in Vienna

Once more I came on the trail of the counterfeiting enterprise. Colonel Kirchenstein, one of our officers of the Latvian circle then in Austria, introduced me to an impressive American couple, who stayed at the Hotel Regina, in Vienna. They were Nick Dozenberg and his attractive young wife. It was the same Nick who had worked with Alfred in the United States. I saw a lot of the Dozenbergs while in Vienna. Originally from Boston, he was one of the founders of the Communist Party in the United States. In 1927, after the arrival of Alfred in America, Dozenberg went underground—that is, he became inactive publicly in the Communist movement and began to operate secretly as one of our agents.

Of medium height, heavily built, with a massive head, well dressed, Nick Dozenberg looked the part of a typical successful American businessman. At this time, he was operating for us in Rumania, where he maintained the American-Rumanian Export Film Company. He had come on to Vienna to try to secure funds from us for a trip to America to purchase there an expensive filming machine. But the *valuta* situation in Moscow was now more critical than ever. And Dozenberg was obviously accustomed to a much higher standard of living than we Soviet citizens.

New Attempt Made

Early in 1932, Nick Dozenberg and his wife left for Berlin, and from there went on to the United States. At the beginning of April, a new warning was suddenly sounded from Geneva to all European banks to be on the lookout for the same old \$100 notes. On April twenty-ninth, the Berlin Borsen-Zeitung reported that counterfeit \$100 bills had appeared once more in Vienna and Budapest.

I attributed no special importance to the reports from Geneva and Vienna, thinking that some former fence of Alfred's had retained a few of the bills, and had waited for enough time to pass to exchange them in safety. At this time I did not connect Dozenberg's return trip to the United States with the reappearance of the counterfeit money.

Bombshell in U.S.

Dozenberg's stay in the United States during 1932 produced the American sequel to Stalin's Five-Year Counterfeiting Plan, which burst like a bombshell in New York and Chicago in January, 1933. The reverberations of the explosion were heard in Moscow, where I was at that time, and caused some uneasiness in the Kremlin. As reconstructed from the public records by Isaac Don Levine, my literary collaborator, the following events took place in the United States in consequence of Dozenberg's renewed counterfeiting expedition.

On Tuesday afternoon, January 3, 1933, the United States Secret Service arrested at the Newark Airport, as he alighted from a plane just arrived from Montreal, a certain "Count"

von Buelow. Upon investigation, he was identified as one Hans Dechow, who had a police record in Chicago. He was charged with being an agent of a counterfeiting ring with connections in Canada and Mexico.

On January fourth, the Treasury agents made another arrest in New York. The New York Times of January fifth reported it as follows: "Agents of the United States Secret Service arrested last night Dr. Valentine Gregory Burtan, young physician of 133 East 58th Street, on a charge of counterfeiting. His arrest came within twenty-four hours after that of 'Count' von Buelow. The arrest followed disclosure from Chicago that agents of the ring had passed \$25,500 in Loop banks of that city. Doctor Burtan, according to the police, returned from Montreal yesterday by train. Doctor Burtan is a heart specialist connected with the Midtown Hospital. He is thirty-four years old and a Russian by birth."

A Baffling Case

The United States authorities, in arresting the two men, came face to face with what they found to be one of the most baffling cases in the history of counterfeiting. Dechow made a full confession to the Federal agents, and the case against him was suspended from the docket in view of his testimony for the Government.

Dechow had been meddling in the munitions business, particularly in chemical warfare equipment, and had met Doctor Burtan in New York in the summer of 1932. Dechow had connections with the Chicago underworld. In November, 1932, Doctor Burtan told him that he had \$100,000 in \$100 bills which had been given to him by a patient, a member of Arnold Rothstein's gang, and that he did not wish to have them exchanged in New York City. Dechow undertook to effect the exchange in Chicago. With a sample of the money, he went to Chicago and offered the business to a local man with underworld connections, who, however, wanted to make sure that the money was genuine.

Chicago Gangsters Involved

The Chicago racketeers, eight of whom were involved in the enterprise, had the fake bills examined by various bank tellers who pronounced them authentic. Doctor Burtan now arrived on the scene. An agreement was consummated under the terms of which 30 per cent of the receipts was to go to the underworld group passing the money. The sum of \$100,000 was turned over to the gangsters for exchange.

It was before Christmas, and the business of exchanging the \$100 bills seemed to have gotten off to a good start. The Continental Illinois National Bank and Trust Company, the Northern Trust Company, the Harris Trust and Savings Bank exchanged the bills and forwarded several parcels of them to the Federal Reserve Bank of Chicago. That was on December 23, 1932. There the arrival of several packages of the \$100 notes of the old issue aroused suspicion. Thomas J. Callaghan, of the United States Secret Service, was called in to examine the bank notes.

He declared them counterfeit at once and identified them as being similar to those found in Berlin, in 1930, and at various other points since 1928.

All the Chicago banks were forewarned; and just before Christmas a man was arrested at the First National Bank of Chicago while trying to change one hundred \$100 notes for ten genuine \$1000 notes. This arrest led the police to the underworld syndicate, whose members were outraged to discover that they had been victimized. They had been sure that the money was genuine. They relinquished the \$40,000 of the bogus money still in their possession, offered to cooperate to the limit with the Federal authorities, and "promised to take Burtan for a ride," according to The New York Times.

The Man in the Middle

Dechow tried to convince his underworld friends that he, too, had been taken in by the New York physician. He returned to New York to clear up the misunderstanding with Doctor Burtan, confident that he would be able to redeem himself with his Chicago cronies. But Doctor Burtan changed his attitude when Dechow told him of the developments in Chicago. He advised Dechow to flee to Europe at once. Dechow did not like the solution at all. He insisted that the Chicago mob wanted good money for the bogus currency. At a corner of 90th Street and Central Park West, New York City, after leaving Doctor Burtan, Dechow was accosted by a man who told him that if he did not leave for Europe at once he would be taken for a ride. Later Dechow and Burtan compromised on meeting for another conference in Canada.

Gangsters Dissatisfied

On January first, Dechow arrived in Montreal, registered at the Mount Royal Hotel, and there met Doctor Burtan. It was a most unsatisfactory conference. Indeed, Dechow was menaced from three sides. The Chicago racketeers wanted their losses to be made good. The Federal agents were on the trail of all those involved in the operation. And in addition, Dechow found himself threatened by Doctor Burtan's mysterious forces, without realizing that they were agents of the Ogpu. The stranger who had accosted him in New York now appeared in Montreal, and warned Dechow to take passage for Europe at once, which he promised to do. Instead, he decided to throw himself upon the mercy of the Federal authorities and took a plane for Newark, where he was arrested. He then led the Treasury agents to Doctor Burtan's place.

Burtan Keeps Secret

From this point on, the investigation seems to have run into a blank wall. Throughout the examination and the subsequent trial, Doctor Burtan kept well the secret of the origin of the counterfeit currency. He did not betray Nick Dozenberg. He did not reveal his status in the Soviet military intelligence. He kept his accomplices in the high councils of the American Communist Party out of the case. The Treasury

agents, however, did trace some of Doctor Burtan's aliases. They found that in Mexico and elsewhere he had at various times passed as Bourstin, Kuhn, George Smith, E. Bail, Frank Brill and Edward Kean.

Shortly after Doctor Burtan's arrest, Nick Dozenberg fled from the United States to Soviet Russia. It was during April, 1933, that he made his appearance in Moscow. Alfred, too, suddenly showed up in Moscow, and complained to me about the difficulties he had in providing for his American pal. Nick Dozenberg was now being given the treatment that Franz Fischer had received three years earlier. Instead of getting accommodations at one of our leading hotels and a privileged ration card, such as were usually granted to our foreign agents, Nick had a trying time finding quarters. Moreover, he had to stand in line for his food.

On May 4, 1934, Doctor Burtan was convicted by a Federal jury, in Chicago, of possessing and passing counterfeit money. The principal witness against him was Dechow.

Browder's Connection

No evidence was produced at the trial, connecting Doctor Burtan with Moscow. No mention was made of Nick Dozenberg. Nor was it ever discovered that Dozenberg was an intimate collaborator of Earl Browder, the leader of the American Communist Party, as evidenced by the fact that Browder had used a United States passport issued in Dozenberg's name for his travels to Soviet Russia as far back as 1921.

Doctor Burtan proved a staunch Communist. He knew how not to talk. He was given a sentence of fifteen years, and a fine of \$5,000. Doctor Burtan has kept his secret ever since.

From Alfred I learned that the Soviet Government allocated a substantial fund for the defense of Doctor Burtan and for other expenses in connection with his case. As for Dozenberg, he soon disappeared from my horizon. Later I heard that he had been swallowed up in the great purge.

Fischer Goes Native

I ran into Franz Fischer in Moscow, in 1935, and barely recognized him. After four years at his remote post in Siberia, he was allowed to make a trip to the capital to consult a physician and to buy drugs and other needed goods. He had gone native in the polar region. He married an exile girl there, who bore him a child, and underwent a profound change of personality in the Arctic wasteland.

Toward the end of 1936 I was surprised to encounter Alfred in Paris. He had regained his status as a foreign agent, and came to see me. He received a commission to return to the United States in quest of plans of motorized war equipment, his specialty. Apparently Moscow deemed it safe to let Alfred return to the United States, as the counterfeiting affair was now a sealed and forgotten chapter.

Background Facts to the Struggle Now Rapidly Unfolding in India

NON-COOPERATION UNDER WAY IN INDIA

The Congress ministry of Madras resigned Oct. 27 in accordance with instructions from the Congress Working Committee, which thus made good on its threat to refuse cooperation with Britain in the prosecution of the war because of the British Government's refusal to consider self-government for India until the war is over. According to *Trans-ocean*, eight other Indian ministries have also resigned. The same agency, in a dispatch from Brussels, quoted Pandit Jawaharlal Nehru, Congress leader, as saying that an Anglo-Indian agreement is impossible so long as Britain persists in her present imperialistic policy.

INDIA, once lyrically described as the "Brightest Jewel in the British Crown," is beginning to loom large in Empire politics and world news. The recent Blue Book on India made it clear that the British Government is not prepared to consider India's demand for self-government until the present war is over. The Congress Party in India has embarked on the first stage of a non-cooperation movement and it begins to look as though serious developments are in the offing. A debate on India took place in the House of Commons on Oct. 26. Sir Samuel Hoare, Lord Privy Seal, uttered a thinly-veiled threat in the direction of India. "If it comes to this issue (non-cooperation)," he declared, "we should have no choice. The King-Emperor's government must be carried on with efficiency, strength and justice."

Who Gets the Benefit?

What does India mean to Great Britain? And what does British rule mean to the masses of the Indian people? Here are some facts which students of Indian politics will find helpful to an understanding of events in India as they seem likely to unfold in the near future:

The British have been in India for 250 years and have been the complete masters of the country for 150 years. There are 285,000 Englishmen in India as compared with an estimated 375,000,000 natives—that is, one Englishman to 1,300 Indians. The British Army in India comprises 60,000 soldiers, plus British officers for a native army of 600,000.

Britain's total investment in India is approximately U.S.\$7,800,000,000, yielding an annual average return of U.S.\$900,000,000. Interest collected annually on the Indian national debt is U.S.\$100,000,000. In the earlier days of the British occupancy, the country was systematically looted of its treasures by the British. Between 1800 and 1860, for example, £1,000,000,000 sterling in gold, jewels and interest was taken out of the country. A famous economist once estimated that rent, dividends on capital investment, railway profits, civil and military pensions and military taxation equals the annual income of 60,000,000 Indian workers. Brightest jewel in the British crown? Without a doubt!

Let us take a glimpse at the other side of the picture. Of the total population of 375,000,000, there are 270,000,000

peasants living in 700,000 villages. There are 40,000,000 unemployed agricultural laborers. The *Halis* (slaves) who average 12 years of debt slavery, each earn 4½ annas (9c) fixed wages per year.

Rural Taxation Burden

In Bengal the total annual taxation equals 40 per cent of the total harvest value. The province had in 1931 some 9,995,000 landless laborers, constituting 25 per cent of the total Bengal peasantry. In the decade from 1929 to 1939, 50 per cent of the peasants in Bombay Presidency had their debts liquidated by seizure and sale of their lands.

There are 51,000,000 "untouchables" (outcasts) with no rights whatsoever. They constitute the bulk of the industrial and agricultural proletariat. The average annual income of an Indian worker is U.S.\$13.50, as compared with U.S.\$369 for a worker in England and U.S. \$680 for a worker in the United States. Only seven per cent of the population have incomes in excess of U.S.\$300 per year. Wages in Bombay are the highest in India. Men get 27 cents a day, women 20 cents, children seven cents.

In addition to the British rulers of India there are the native princes (Maharajas) who number 562. Here, for example, is the estimated wealth and income of the Nizam of Hyderabad:

Jewelry	...	...	U.S.\$2,000,000,000
Gold Bars	...	...	250,000,000
Annual income	...	...	50,000,000

Budgetary Revelations

Who receives the principal benefits from the Indian budget? Here are the figures for 1935-36:

	Per cent
Military expenses	23.9
Interest on National Debt	22.5
Police and jail expenses	9.6
Civil administration	8.7
Education	5.7
Medical and public health	2.6
Agriculture and industry	2.1
Miscellaneous	24.9

There are in India 345,000,000 people who cannot read or write any language. Two-thirds of the 700,000 villages have no schools.

Life expectancy of the Indian native is today 23 years as compared with 30 years in 1881 and 55 years in England today. India's death rate per thousand is 26.8 as compared with 12 in England and the infantile mortality rate is 250 per thousand as compared with 51 per thousand in England. In Bengal province, 750,000 persons under the age of 15 die each year. The total number of deaths throughout the country is 6,000,000 annually. Forty-four per cent of the deaths are caused by malaria alone. There are only 6,700 hospitals in all India—one hospital to each 163 square miles.

City housing is well-exemplified by the case of Calcutta, where an average of nine to 10 persons inhabit rooms averaging in size 8 ft. x 6 ft.

Semi-Starvation Rife

Nourishment? Sir John Megaw has estimated that only 39 per cent of India's population is well-nourished, 41 per cent poorly nourished, and 20 per cent badly nourished.

War-time India, despite the Constitution, is ruled absolutely by the Viceroy (at present Lord Linlithgow). The pro-

CONCENTRATION CAMPS AND FORCED LABOR

The International Labor Office of the League of Nations reports (according to the *Christian Century* for Sept. 20) the enactment by the South African legislature of a law which, under the guise of forcing natives to pay taxes, actually imposes a system of forced labor. The law ostensibly applies only to such natives as refuse to pay their head and house taxes, or who refuse to accept employment offered by the state as a means of paying taxes. But a head tax of a pound and a dwelling tax of ten shillings when imposed on a South African native is very stiff, and there are reasons to believe that the conditions under which employment is offered those who cannot pay are anything but attractive. The government now proposes to round up in concentration camps all who have not paid, and then send them out, either to labor on the roads or other public works, or to hire them out to farmers.

vincial governors and the British "advisers" in the native states are all vested with full military and decree powers in their respective areas, with the Viceroy supreme.

Note:—The facts given above are taken from the *India Year Book: Industrial Labor in India*, a publication of the International Labor Office of the League of Nations, Series A. No. 41; Reports of the Simon Commission; the *Times of India*; various Indian publications.

Woosung Land Leases To be Auctioned Soon

Pushing its plans for the creation of a new industrial center along the banks of a projected Woosung shipping canal, the Sino-Japanese Shanghai Real Estate Company will put up for sale, beginning Nov. 1, 20-year leaseholds on 7,116,642 square yards of property north of the proposed waterway, the *Shanghai Mainichi* reported recently. Vessels up to 12,000 tons will be able to dock alongside wharves to be built in that area, according to the newspaper. A 600,000 square meter lot, restricted for the construction of public and private office buildings, will be established in the Civic Center area. Leases for ground in this area would also be put up for sale beginning Nov. 1, the Japanese daily added.

Report of Nippon Army Revolt Draws Protest

The Shanghai Municipal Council has received a protest from Mr. Yoshiaki Miura, Japanese Consul-General, concerning publication in the *Shanghai Evening Post* and several foreign-registered Chinese newspapers of a report alleging that a mutiny had taken place in the Japanese Army at Hankow some two months ago. A similar protest is said to have been lodged with Mr. C. E. Gauss, American Consul-General.

Tokyo Rumors Rift Between Kuomintang, Communists

AFTER several weeks of intensified effort, the Japanese "peace rumor offensive" against Chungking appears to have spent its force. Although here and there one still hears its faint echoes, the movement has lost, at least for the time being, the vigor with which it was launched.

Of course this does not mean that the Japanese have abandoned propaganda as a weapon. With their war in China hopelessly deadlocked and their political intrigues frustrated, they are in fact relying principally on propaganda to advance their aims in China. The energy previously concentrated on peace rumors now seems to have found a new outlet. This is evidenced by a flock of alarmist reports emanating from Japanese sources lately on the alleged rapid deterioration of the relations between the Kuomintang and the Chinese Communist Party.

Disclaimers from Abroad

There are a number of reasons which appeared to have indicated to the Japanese that further propaganda on peace at the present is not only futile but will make them look ridiculous. While the repeated emphatic denials by Chungking of all rumors on peace and on Sino-foreign relations may not constitute sufficient reason to discourage the Japanese from disseminating them, the official disclaimers issued by London and Washington of any British or American attempt at mediation have greatly vitiated the effect of Japanese propaganda along that line.

Literally throwing cold water over Japanese rumor mongers, Secretary of State Cordell Hull officially denied knowledge of Japanese reports alleging that China had proposed peace to Japan through the American Ambassador at Chungking, Nelson T. Johnson. Washington quarters expressed the opinion that the Japanese report of the alleged Chinese peace offer was designed primarily for home consumption. They tended to believe that it had come from sources anxious to reassure the Japanese people that the end of the Sino-Japanese hostilities is not far distant.

One of the chief aims of Japanese propaganda, it may be noted, is to shake the confidence of the Chinese people in the war of resistance. If the Japanese have failed to achieve this aim by force, they should have realized that they can have no chance of doing so by propaganda. Propaganda now utilized as a means to bolster up waning morale in Japan is a dangerous weapon. It will cut deeply, when the Japanese people are fully awakened to the realities of the situation.

China Encouraged

To hope for the end of the war by propaganda is mere wishful thinking, an illusion. As far as Sino-foreign relations are concerned, despite Japanese reports to the contrary, recent developments tend rather to encourage the Chinese to continue

their war of resistance. The firm stand adopted by the United States in the Far East and increased Soviet aid to China, as evidenced by renewed Chinese raids on Japanese bases such as Hankow, may be taken as sure indications that China is not prepared to accept peace on terms such as Japan would like to dictate.

There is again some talk of the organization of a puppet central government by Wang Ching-wei. But the talk sounds more like a reminder of a forgotten story than an impending reality. Bent upon their traditional policy of "divide and rule," the Japanese have so far only rendered lip service to the plan for a united regime under Wang's leadership. Had they really been serious about the matter, the puppet show would have been on in Nanking long ago. Although Wang's inability to form a respectable opposition to Chungking has been thoroughly established by his failure to win any public support, the Japanese seem still to find him useful in creating disturbances. Hence the renewed fanfare heralding the advent of the projected Nanking regime, keeping Wang busy on Japanese intrigues.

Rumors of Dissension

Apparently drawing inspiration from a recent article written by Mao Tse-tung in which he was alleged to have warned that the Chinese communists are ready to counteract any attempts to oust them from the Kuomintang, Japanese sources are spreading wild rumors on China's internal dissension. The alleged friction between the Kuomintang and the Communists is being played up and magnified into a crisis threatening disruption of China's United Front. Alleging that the Communists have threatened Chungking with withdrawal of their support and cooperation, a *Domei* dispatch from Hongkong asserted that Mao Tse-tung had submitted the following demands to Gen. Chiang Kai-shek:

1. Institution of a joint Communist-Kuomintang program for thorough resistance.
2. Establishment of a unified National Defense Government

and the adoption of other measures designed to realize the Communist Party's program for a war of resistance.

3. Expansion of the special administrative zone along the frontier districts of Shensi, Ninghsia and Kansu.

Concessions to Communists

The statement attributed to Mao by the Japanese is said to have

War Minister Reviews Troops



Photos by Thomas Kwang

Deputizing for Gen. Chiang Kai-shek, China's War Minister, Gen. Ho Ying-ching, reviewed some 2,000 newly-trained troops near Chungking on Oct. 14. In the lower picture, Gen. Ho is seen inspecting the arms of the new warriors, all of whom were drafted in the West and given six months' training.

caused an uproar in Chungking as well as in various provinces. While daily conferences are said to have been taking place in Chungking recently among government leaders on measures to curb Communist recalcitrancy, telegrams censuring Mao are also reported to have poured into Chungking from various provincial leaders and influential Kuomintang members.

Chungking leaders, Japanese reports claimed, have decided to make concessions to the Communists in an attempt to pacify them. This decision is said to have been reached by Gen. Chiang Kai-shek following conferences with leading Kuomintang members last week. According to

Domei, the following Communist demands would be satisfied:

1. Reorganization of the resistance campaign by strengthening the united national front.
2. Relaxation of restrictive measures against opposition parties, at the same time increasing the activities of various anti-Japanese groups.
3. Increased appropriations for the 8th Route Army.
4. Dissolution of the dual administrative system of the Kuomintang and the Communist Party in the various districts of Shensi, Ninghsia and Kansu.

Alleged Communist Demands

Gen. Chiang is alleged to have instructed Gen. Chang Chun and Shao Li-tzu, who were reported to have been sent to Shensi as representatives of the Kuomintang to negotiate with Mao Tse-tung, to bring about these concessions. The communist leaders are said to have demanded a fundamental readjustment of their relations with the Kuomintang and concrete guarantees of a Kuomintang-Communist coalition. The Japanese claimed that no definite result had been achieved so far by the parleys between Mao Tse-tung, and Gen. Chang Chun and Shao Li-tzu, who were returning to Chungking by air to report to Gen. Chiang Kai-shek.

Another sensational Japanese allegation is that Chinese Communists have decided upon positive measures for the further Bolshevization of China in accordance with an agreement reached in Moscow between Kremlin leaders and the Chinese communist delegation composed of Gens. Chu Teh and Chou En-lai. They have decided not only to continue the war against Japan, Japanese reports asserted, but also to establish Soviet regions in north-western and southwestern China and to "partition China."

In spite of the official Chinese denial of the presence in Moscow of Gen. Ho Yao-tsu, newly-appointed Chinese ambassador to the Soviet Union, and Gens. Chu Teh and Chou En-lai, Japanese sources persisted in maintaining that they had gone to Russia. Reporting under a Hongkong dateline, *Domei* claimed that the two Chinese Communist emissaries were being elaborately feted by Soviet leaders in Moscow, while Gen. Ho Yao-tsu was being given a "frigid" reception in Kremlin circles. M. V. Molotov, the Soviet Foreign Commissar, *Domei* asserted, has not yet received Gen. Ho.

More Moscow Aid

Soviet assistance to the Chinese Communists has increased sharply since the latter part of September, Japanese sources in Peiping claimed to have found. The renewed influx of Soviet advisors, military technicians and ammunition was particularly noticeable after the conclusion of the Japanese-Soviet truce in Nomonhan and the subsequent Soviet invasion of Poland, the Japanese added.

If all this Japanese propaganda on the alleged strained relations between the Kuomintang and the Communist

Party is to be believed, then the logical outcome, as the Japanese would have expected, would be that "the Chungking regime is in a dilemma." In order to extricate itself from the dilemma, Chungking is charged by the Japanese with practising what they term a "double-dealing diplomacy." On the one hand, the Chinese government is said to be coaxing the United States, while on the other it is alleged to be doing its utmost to fraternize with Moscow, seeking more Soviet aid.

in Tokyo remains as strong as ever. According to a report from neutral foreign sources, a so-called Asiatic Anti-Communist Committee, formed by cultural, economic and religious bodies of Japan, Manchukuo, Siam, Iran, India and other Oriental countries, was to have been established in Tokyo on Oct. 25. Meetings are soon to be held in Osaka, Changchun and other places to discuss measures for thoroughly opposing Communism, according to the report.

The talk of the formation of a new puppet central government under Wang Ching-wei is revived. According to a "conviction" expressed by the *Yung Pao*, Japanese army organ in Tientsin, the new regime will be inaugurated during or shortly after the seventh session of the United Council of the "Provisional" and "Reformed" governments, scheduled to be held at Tsingtao on Nov. 8. The journal said that as a gesture of friendship, the Japanese government had decided to appoint Gen. S. Hata, war minister, to be special envoy to China to offer congratulations to the new central government.

Konoye-Wang Talks

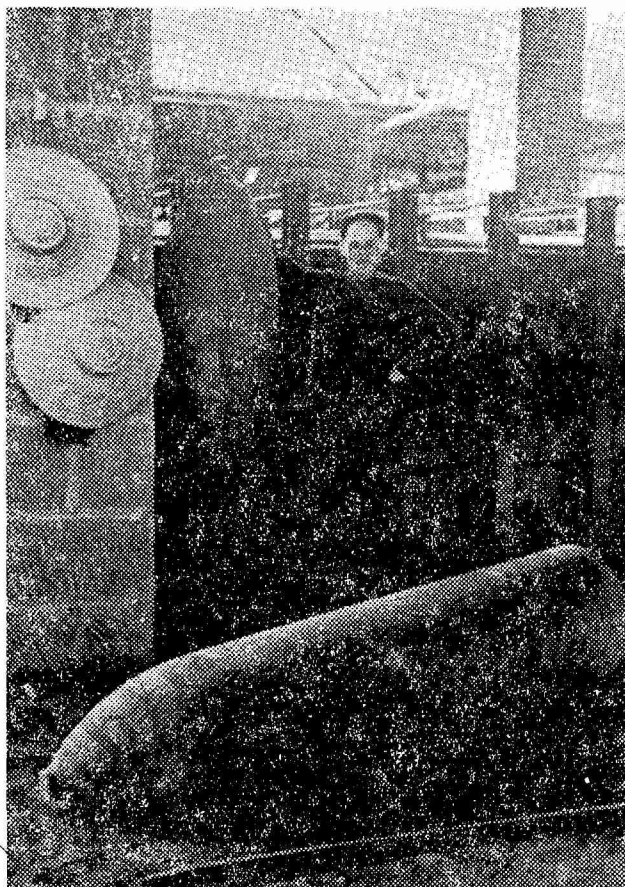
Interesting revelations on the conversations between Prince F. Konoye, former Japanese premier, and Wang Ching-wei, when the latter visited Tokyo last summer, were made in an article by Prince Konoye published in the Tokyo *Nichi-Nichi*. The article was translated into English and published in the Oct. 14 issue of the *Japan Times*.

Konoye revealed that in the course of their talks, he succeeded in convincing Wang of the mildness of Japan's proposed peace terms, which, he said, were based on moral principles rather on considerations of material gain. Konoye told Wang that if old ideas were to prevail in the present case (referring to the Japanese dissatisfaction with the terms of the Portsmouth Treaty which ended the Russo-Japanese War), territorial surrender and war indemnity would to the main part of Japan's peace terms to China. He said that as Japan had no intention of asking for either territory or indemnity, there was good reason that the Konoye peace terms should be supported.

Wang is Praised

Konoye lavished praise on Wang as a politician and "peace" initiator, and

China Makes Bombs, Too



Photos by Thomas Kwang

This monstrous-looking aerial bomb, destined for use by the Chinese Air Force, was turned out by one of the many steel plants now operating in the Chungking area.

Meanwhile, according to the Japanese "intelligence service," Gen. Chiang Kai-shek has gone to Kunming "because of the gravity of the Communist situation." In the Yunnan capital, Gen. Chiang is said to be "secretly contemplating counter-measures against the Communists."

Wang Sees Friction

One man who seems to rejoice over the Japanese propaganda on the friction between the Kuomintang and the Communists is Wang Ching-wei, whose mouthpiece in Hongkong, the *South China Daily News*, described Mao Tse-tung's recent statement as a "public ultimatum of a ferocious nature." The paper claimed to see in Mao's declaration "a natural outgrowth of the friction between the two parties."

Despite the Soviet-Japanese truce on the Outer Mongolia-Manchukuo frontier, anti-Communist sentiment

predicted that it would not be long before the whole people of China would abandon Chungking and rally under Wang's leadership.

For unrevealed reasons, Wang last week moved from his fortified residence on Yu Yuen Road under Japanese protection to his former home in the French Concession, which is now being heavily guarded by the French police.

Wang played host recently to a Japanese consular party at his home, during which views on the construction of a "New Order" in East Asia were exchanged, according to a Japanese report. Wang was said to have assured his Japanese visitors that he would do his utmost to hasten the establishment of the new central government in Nanking.

Gen. Chen Chi-tang, former military leader of Kwangtung province, is reported by Japanese sources to have been arrested at Chungking by order of Gen. Chiang Kai-shek. In making this allegation, the Japanese contradict themselves, as only recently they reported that Gen. Chen was in Hongkong, not in Chungking.

The Japanese in Hankow observed the first anniversary of the fall of the three Wuhan cities on Oct. 27, but the inauguration of the projected new puppet regime with jurisdiction over the occupied parts of Hupeh, Hunan and Kiangsi did not take place that day as was planned. No explanation was given for the postponement.

Sense of Superiority

Japanese in China should rid themselves of their sense of superiority over the Chinese by seeking to stand on an equal footing with the latter, admonished Gen. Prince Naruhiko Higashikuni, who commanded the Japanese armies which attacked and occupied Wuhan last year. The Prince warrior, who is now in Tokyo, said in an interview with *Domei* that "territorial ambitions and a desire to secure monopolistic privileges for the exploitation of China should not be allowed to enter our minds." He sympathetically remarked that the objective of the Japanese campaign in China "is to save from want and distress 400,000,000 Chinese by establishing a New Order in East Asia!"

As befitting a press spokesman, Col. I. Mabuchi, director of the Bureau of Information of the Japanese Army in China, also had something to say on the occasion. He remarked that construction of a New China began with the downfall of the Wuhan, following the loss of which, he added, the anti-Japanese front in China began to lose power.

Yang Hu's Return

Shanghai furnished a few interesting items from Japanese sources. Alleging that Gen. Yang Hu, former Garrison Commander of the Shanghai-Woosung Area, has returned to Shanghai, the *Tairiku Shimpō*, local Japanese daily, said that the Japanese authorities are maintaining a close watch over his activities.

The *Shanghai Mainichi*, another Japanese daily, reported that all Chinese army regulars taken prisoner by the Japanese army, and now being detained near Shanghai, will be

turned over to the custody of the "Special Municipality of Shanghai" in terms of a recently concluded agreement. According to the Japanese report, those to be released will be cripples and other incapacitated prisoners, while all the able-bodied prisoners will be retained by the Japanese forces for labor duty. In other words, the puppet Shanghai municipal regime will be given the burden of caring for the wounded and disabled Chinese soldiers taken prisoner by the Japanese.

A new puppet tribunal, the Western District Court, was opened last week in the former premises of the Great China University on Chungshan Road, with Liu Chi as the head, reported *Domei*.

Kung is Optimistic

Reporting on the foreign and domestic situation at the weekly memorial service last week, Dr. H. H. Kung, president of the Executive Yuan, asserted that the outbreak of the European war has produced no unfavorable effects on China's campaign of resistance. He expressed gratification at the recent Chinese successes in northern Hunan. The international situation, he said, is also becoming gradually more favorable to China. The improvement in the foreign and domestic situation has further strengthened the Chinese people's confidence in the ultimate success of their campaign of resistance and national reconstruction. Concerning internal politics, Dr. Kung made the significant announcement that a National People's Congress would shortly be convened to adopt concrete measures for the inauguration of constitutional government.

Anti-Chinese feeling in Thailand (Siam) continues to grow unabated, according to a Japanese report, which alleged that Weh Kwang-yen, chairman of the Chinese Chamber of Commerce in Bangkok and allegedly an outstanding anti-Japanese leader, was recently deported by the Thai authorities.

The Executive Yuan has issued an order of commendation in recognition of the meritorious services of Dr. F. C. Yen, director of the National Administration. The order expresses satisfaction at the enforcement of the public health program in Honan, Shansi, Kansu, Ninghsia and Suiyuan provinces, where more than 40 hospitals have been established.

Reich to Receive Soya Beans Via Trans-Siberian

Soviet Russia has agreed to transport to Germany from Manchukuo, via the Trans-Siberian Railway, one million tons of soya beans, *United Press* reported from Berlin on Oct. 28. This would mean, the agency pointed out, that Germany had gone a long way toward solving her acute food problem. The report was confirmed by a *Transocean* dispatch from Dairen the same day, which said that the one million tons of soya beans would be sufficient for the production of 200,000 tons of margarine and 800,000 oil cakes used for cattle feed. German imports of soya beans from Manchukuo totalled 800,000 tons last year.

Japan Seeks India Trade Revision

Four Japanese demands will be made at the third meeting of the Indo-Japanese Trade Conference to be held soon in New Delhi, India, *Domei* reported from Tokyo on Oct. 31. The four demands will be:

1. Lowering of tariff on cotton cloth.
2. Revision of the import quota of classified cotton cloth.
3. Reduction of the standard quota of the import of raw cotton.
4. Abolition of the present maximum reciprocal quota on raw cotton and cotton cloth.

The demands are expected to be made by Mr. Torao Wakamatsu, Japanese Consul-General and Japanese Government delegate, to Sir Allan Lloyd, Indian Government delegate.

Under the existing Indo-Japanese Trade Protocol, a standard quota of 1,000,000 bales of Indian raw cotton is imported by Japan and 283,000,000 yards of cotton cloth exported to India. For every 1,500,000 yards of cotton cloth exported to India in excess of the standard quota, Japan must import 10,000 bales of Indian raw cotton. In addition, the maximum quota of Japanese cotton cloth allowed to be exported to India is set at 358,000,000 yards a year, while any amount of Indian raw cotton imported by Japan in excess of the quota is not recognized by the Indian Government.

Germans Claim Sinking Of 115 Allied Vessels

From the outbreak of the war on Sept. 3 until Oct. 28 German submarines and other warships sank 115 Allied merchant ships representing a gross tonnage of 475,321, not including vessels supposedly sunk, the German High Command has announced, according to a *Transocean* report. "Despite these successes of our naval forces in commercial warfare," the communique added, "our own losses are very small. We must reckon with the loss of three submarines of which nothing has been heard for a long time."

While declaring the German figures are exaggerated, the British Admiralty claims to have destroyed fully one-third of Germany's submarine fleet.

Eastern Lunghai Line Reopened to Traffic

Restoration of rail facilities in Japanese-occupied areas of Central and North China moved a step forward on Oct. 27 as the first regular train on the 224-kilometer eastern portion of the Lunghai Railway left Hsuehchow for Lienyunchiang. The train stayed overnight at Haichow—center of important salt fields occupied by Japanese troops in March of this year—and arrived at Lienyunchiang on the morning of Oct. 28 for a ceremony attended by more than 300 Japanese Government officials and their Chinese puppets.



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French Round Up Annamite Communists

More than 100 Annamite Communists, including two women, are now being detained by the French authorities in Indo-China in pursuance of a proclamation banning Communist activity in the French colony, according to a *Domei* report from Hongkong.

Any form of activity intended either directly or indirectly to assist the Third Communist Internationale, or organizations controlled by it, is prohibited, according to a governmental proclamation appearing in the Hanoi newspaper *L'Opinion*.

All literature concerning the Third Internationale is also banned, while penalties up to five years of imprisonment and heavy fines may be imposed for breaches of regulations, according to the daily.

Japanese Undesirables Deported From Shanghai

Japanese adventurers and others whose conduct is detrimental to the welfare of other members of the Nipponese community are being ordered to return to Japan by the Japanese Consular Police, the *Tairiku Shimpō* reported recently. Extortioners, operators of disreputable cafes and bars, drunkards engaging in street brawls, and other undesirable elements were included among those who were "advised" to leave Shanghai recently, the newspaper added. The number of such deportees was not given by the daily.

Shanghai Postal Men In Short-Lived Strike

More than 1,000 employees of the Shanghai Post Office struck work on Oct. 26 to protest the inadequacy of a wage increase given to meet the increased cost of living. They returned to work the following day, pending the outcome of negotiations with Mr. A. M. Chapelain, Postal Commissioner.

Several hundred workers employed by Liddell Bros. & Company went on strike last week to enforce a demand for a 20 per cent wage increase and for the reinstatement of 19 of their fellow-workers who had been discharged. The company is engaged in the wool, hides and general produce trades and its plant is in Yangtszepoo.

Tokyo-Yokohama Canal Construction Started

Construction of a 22-kilometer canal between Tokyo and Yokohama started October 20, ceremonies marking the occasion, *Domei* reported. The waterway when completed will connect Tokyo harbor with the Port of Yokohama by way of Morigasaki and the mouth of the Tama River near Haneda. The canal will be between 600 and 700 meters wide and nine meters deep. The section of the canal from Tokyo harbor to the mouth of the Tama River is being sponsored by the Tokyo Prefecture. This section will cost approximately Yen 45,000,000.

War Propaganda Drive Under Way in Japan

A propaganda campaign has been started by British and German residents of Kobe, *Domei* reports. Mr. E. W. James, of Cameron & Co., Ltd., distributed 5,000 copies of a pamphlet written in Japanese and entitled "Who Should be Blamed for the Present European War?" He distributed the pamphlets among various Japanese civic bodies, organizations and clubs as well as among his friends. He is distributing 5,000 more in English among various foreign circles in Kobe.

Mr. Douglas M. Young, former proprietor of the Kobe *Herald* and Osaka *Gazette*, which are no longer published, was said to be planning to resume publication of the papers in the near future for the purpose of championing the British cause. An application to publish the papers already has been filed with the local prefectural authorities, *Domei* said.

Meanwhile German residents of Kobe and Osaka were said to be actively upholding Germany's cause. The German Consulate-General reportedly was very active in taking issue with the British propaganda.



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Japanese Charged With 'Hijacking' Egg Cargoes

Charges that foreign egg packers in Shanghai are being "starved out" of supplies by the Mitsui Bussan Kaisha, a Japanese firm which is now trying to monopolize the egg trade, appeared in the local daily press last week concurrently with a report on the same subject in *The China Weekly Review*. It was alleged that the Japanese firm had resorted to plain "hijacking" methods in its desire to "sew up" the trade.

Revelations in this matter were made by one of the foreign firms concerned. It was disclosed that the Japanese firm had tried to join the Egg Packers Association of Shanghai but that the members had asked for guarantees of good faith and fair play. The Japanese firm, however, wanted to be admitted to the Association first, and afterwards it would "see what it could do."

Want First Pick

Additionally, the Japanese firm wanted to have the first pick of all egg cargoes arriving in Shanghai, leaving to British and American firms the rest. It also wanted to take 50 per cent of the trade of these firms, which would have forced the latter to curtail their exports by one half.

Failing to get its own way, reports said, the Japanese firm has been stealing cargoes bought in the interior by the rival firms, a practice facilitated by the fact that all egg cargoes brought here from up-country can move only on Japanese military permits.

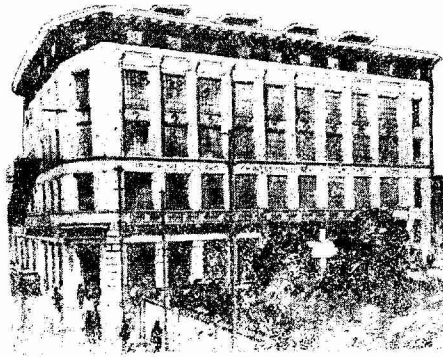
Several protests have been made to the Japanese authorities by the British Consulate-General in Shanghai, but they merely elicited promises that the complaints would be looked into, it was stated. Meanwhile the foreign firms continue to suffer shortage of supplies due to this further Japanese violation of the Open Door principle.

Kidnapped Buddhist Head Said Taken to Nanking

Abbot Yuan Ying, president of the Association of Chinese Buddhists who was kidnapped by plain-clothes men on October 19 from a temple at 50 Edinburgh Road and whisked away in a motor car to an unknown destination is reported to have been escorted to Nanking where he may be asked to manage the affairs of a Sino-Japanese Buddhist organization.

Chinese reports indicate that after the kidnapping it gradually became known that the well-known Buddhist leader had been sent to military headquarters in Kiangwan. Many persons are said to have made futile efforts to "rescue" him. On Oct. 28, the reports state, he was sent to Nanking.

The motive behind the kidnapping, the reports assert, is to ask Abbot Yuan Ying to head a Sino-Japanese Buddhist organization in Nanking. It is pointed out that before the kidnapping the Japanese had repeatedly sent men to negotiate with Abbot Yuan Ying, asking him to take up the post, but he refused to comply with the request.



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Outstanding Events in the Sino-Japanese War

A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of the Review.

October 13

Numerous cities of Szechwan including Chengtu and Nanchuan severely bombed by Japanese aircraft. Reported presence of Gen. Chiang Kai-shek in Chengtu believed motive of Japanese bombing. Kweiyang, Kweichow capital, also bombed.

Sian, capital of Shensi, raided by Japanese planes yesterday. More than 1,000 casualties caused as a result of air raids on that city for the past three successive days.

Japanese Gendarmes seized and occupied the building of the Bank of Communications on the Bund, Shanghai.

Following vigorous Chinese attack, Japanese forces in northern Hunan retreating towards Yochow. Chinese troops occupied Yanglousz.

Gen. Feng Yu-hsiang, vice-chairman of the Military Affairs Commission, praised the Chinese victory at Changsha. Weakening of Japanese army said shown by lack of offensive power.

Soviet Consulates in Shanghai, Peiping, Tientsin and Kalgan closed, according to official Soviet circles in Chungking. No explanation of the action given, but Soviet quarters discounted reports that Soviet-Japanese relations were being aggravated.

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October 14

Three flights of Chinese planes bombed and destroyed the Japanese airfield at Hankow, blew up and burned nearly the entire complement of 100 Japanese planes on the field and smashed a huge Japanese munitions dump, according to Chungking army spokesman. Three of the Japanese pursuit planes which fought against the Chinese raiders and chased the latter for some 200 miles claimed to have been shot down. Two Chinese planes lost, while several others damaged.

Japanese naval aircraft heavily bombed (yesterday) scores of towns in Szechwan, Hunan, Kiangsi, Kwangsi and Kwangtung, official Japanese communique stated.

British Foreign Office denied the German allegation that Britain would withdraw her support of the Chinese currency.

Sir Archibald Clark Kerr, British Ambassador, and Alexander Panaouchkine, Soviet Ambassador, said conferring in Chungking on unrevealed subjects.

Two Japanese, believed to be officers, were seriously wounded and one Chinese singsong girl killed during a shooting in a Shanghai singsong house, which occurred in the course of a dinner party given by Li Ting-zu, official of the puppet Shanghai city government.

During the first eight months of 1939, China exported through Hongkong \$202,450,009 worth of wood oil, materia medica, bristles, raw silk, tea and mineral oils, it was officially announced in Chungking.

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October 15

Yochow, Hunan city at the mouth of Tungting Lake, said besieged by Chinese forces; fierce fighting now raging near the city.

Japanese reports alleged that Soviet Russian pilots manned one of the 20

Chinese bombers which raided the Japanese airdrome at Hankow yesterday. Among the mangled bodies of a Chinese bomber shot down by the Japanese, the reports stated, two were Occidentals and identified as Russians.

Joint telegram denouncing Wang Ching-wei and voicing determination to continue resistance and to eliminate all traitors issued by 1,400,000 members of the Kuomintang in the Chinese Army, Navy and Air Force.

First attempt to assassinate puppet Chinese officials in Canton occurred yesterday when hand-grenades were thrown at the headquarters of the peace preservation committee, killing two guards.

The Canadian Mission at Tseliuting, southeast of Chengtu, almost completely destroyed during the Japanese air raid on the city on Oct. 10.

**

October 16

Chinese forces in the north and west of Kiangsi province said converging on Fengsin, strategic Kiangsi city. Severe fighting progressing west of Fengsin.

Many Shensi towns including Yen-an and Ichwan repeatedly bombed by Japanese planes during the past few days, stated a Tokyo report.

Chinese mobile units active along the Shanghai-Nanking and Shanghai-Hangchow Railways. Japanese garrison at Changchow on the Shanghai-Nanking line attacked; Hangchow, former Chekiang capital, entered by Chinese troops on Oct. 15, who later withdrew.

Addressing university students and cadets of the Central Military Academy in Chengtu, Gen. Chiang Kai-shek urged them to do their part in the salvation of their country.

Dr. H. H. Kung, President of the Executive Yuan, declared in press interview that peace in the Far East can come only when Japan gives up her dreams of China conquest. Dr. Kung asserted that Japan's policy of aggression aims also at the subjugation of the United States, citing Japanese spy work in America as proof of their ambitions.

Fu Siao-en staged elaborate celebration of his one-year old tenure as puppet "mayor" of Japanese-occupied Shanghai. Affair said costing the Japanese \$400,000.

Early conclusion of a Soviet-Chinese military pact rumored in Chungking. Official circles reticent.

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October 17

The Chinese victory on the Hunan front proved that the Chinese and Japanese armies possess equal fighting ability when armed with similar equipment, said Gen. Chen Cheng, Commander-in-Chief of field operations in Hunan and Kiangsi. Destruction of highways prevented the use of artillery and tanks by the Japanese and consequently both armies were armed only with rifles and machine-guns, Gen. Chen said.

After ten days of severe fighting, Chinese forces in southeast Shansi have

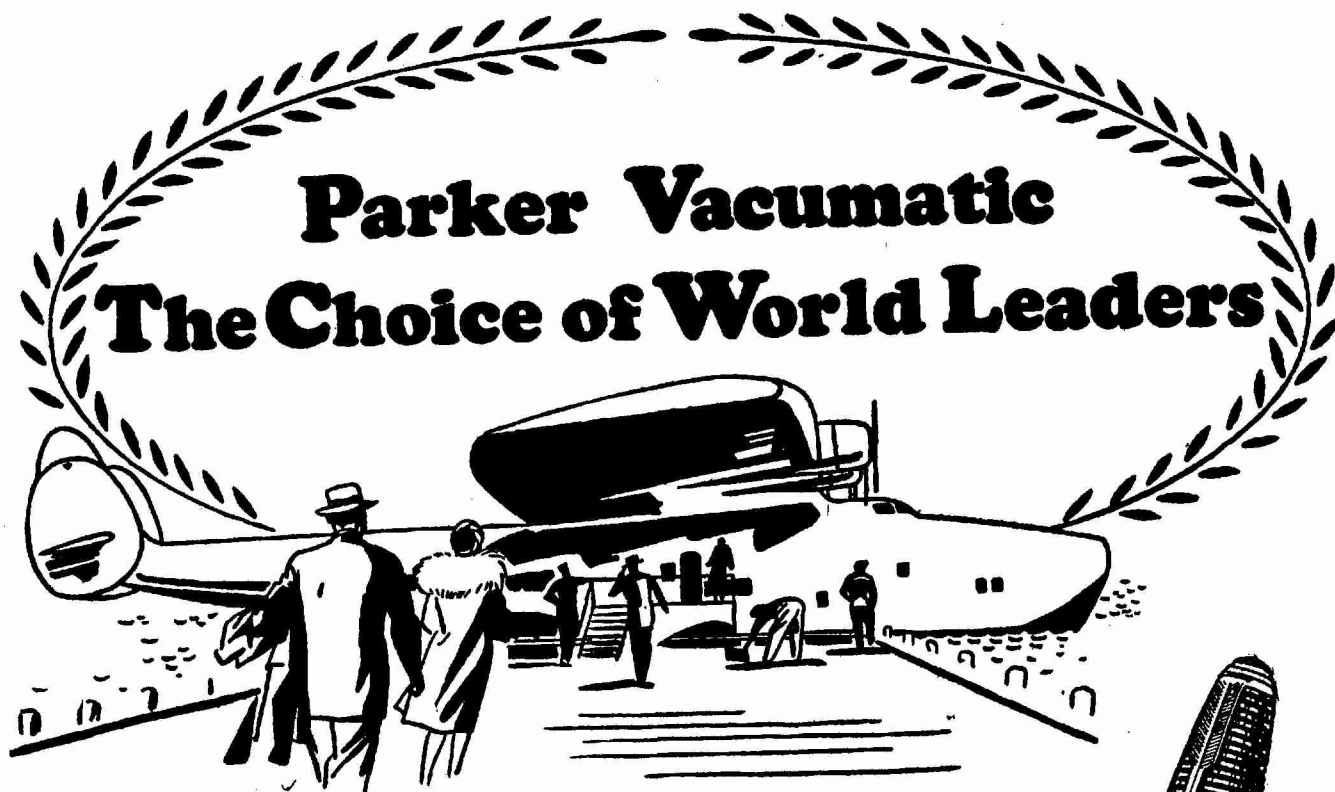
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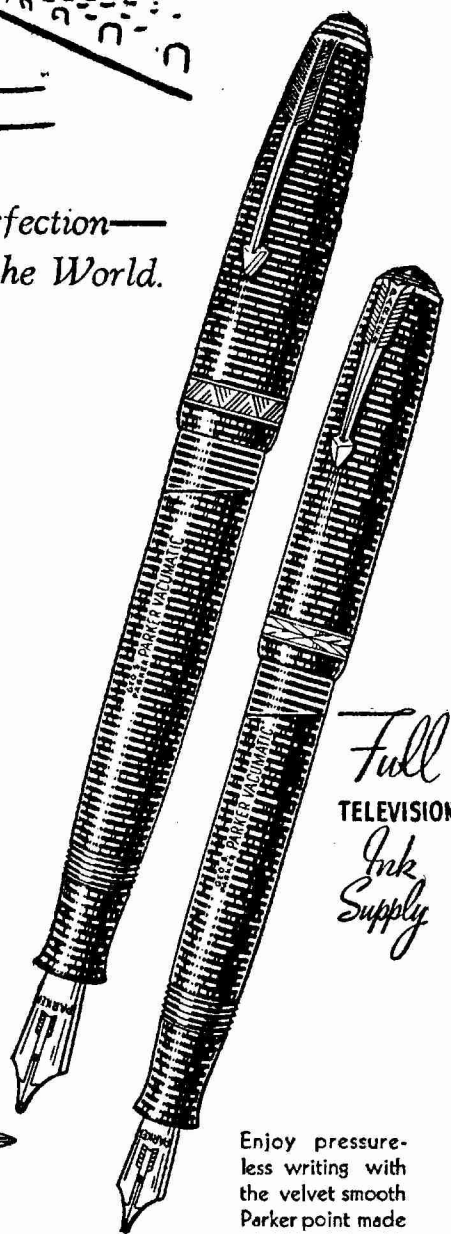
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repulsed the Japanese offensive launched on Oct. 8 along the Changchi-Kaoping highway towards Kangping, according to field dispatches received at Chungking. More than 10,000 men said to have been lost by the Japanese.

After a 2-week visit in Chengtu, Gen. Chiang Kai-shek returned to Chungking by air.

Tightening her grip on the economic resources of East Asia, Japan created (yesterday) the so-called "Japan-Manchukuo-China Economic Council" in Tokyo.

Japanese reports stated the Japanese blockade of the Tientsin British Concession to continue; rumored that the British authorities would soon surrender the Chinese silver stocks in the Concession to the Chinese and accept the puppet "Federal Reserve Bank" notes.

**

October 18

Chinese troops in northern Kiangsi, in their push towards Fengsin, are threatening the Japanese positions in Nanchang, former capital of Kiangsi. Japanese communications between Fengsin and Chingan, another important city near Nanchang, severed by the Chinese.

Information from foreign sources at Hankow claimed heavy damages inflicted on the Japanese during the Chinese air raid on the Japanese airfield Oct. 15, including 66 bombers, 17 pursuit planes and one gasoline depot where 50,000 gallons of gasoline were stored.

Japanese authorities at Tientsin demanded the British Police to surrender ten Chinese arrested during Japanese raids on the British Concession on Sept. 28.

The Tientsin French Concession authorities handed over to the Japanese Wang Ju-shi, former head of the Chinese Telegraph Administration. Wang accused by the Japanese as being sympathetic to Chungking.

Chinese compradores of the British-owned Hongkong and Shanghai Banking Corporation, Chartered Bank of India, Australia and China, Jardine, Matheson and Butterfield and Swire in Tsingtao were arrested by local authorities on October 9 and are still being held for questioning regarding alleged currency transactions involving Chinese national notes and the Federal Reserve Bank notes, foreign reports from Tsingtao revealed.

Contributions from overseas Chinese to the fund for winter clothing for the soldiers at the front, sponsored by Madame Chiang Kai-shek, totalled more than \$2,000,000. The Chinese in San Francisco alone remitted \$1,000,000.

Cheng Hai-tao, acting head of the Shanghai French Municipal Police Political Department, assassinated motive believed political. Mr. Cheng succeeded the late Zau Ping-sheng, who was also a victim of political assassination four months ago.

The five-month old dispute between the Japanese authorities and the Kulangsu Municipal Council settled; Japanese and American landing parties withdrawn.

National Government issued regulations strictly prohibiting imports of Japanese goods into "free China" from occupied areas.

**

October 19

Sir Archibald Clark Kerr, British Ambassador now visiting in Chungking, interviewed Gen. Chiang Kai-shek. Subject of their conversations unrevealed.

Lull prevailing on all fronts following the retreat of Japanese troops from North Hunan.

"China's war of resistance against Japan will end with no decisive military victory for either side, but when Japan recognizes the futility of attempt-

ing to conquer China—then China will have scored a real victory." General Chang Chun, Secretary-General of the supreme National Defense Council, said in press interview.

Tokyo press alleged that the Soviet Union was making "serious demands" on the Chungking government in return for continued Soviet assistance.

Two hundred persons were killed, 500 were wounded and two-thirds of Nanchuan, a city of 20,000 inhabitants, 50 miles southeast of Chungking, was destroyed as Japanese hurled scores of bombs on October 13. Father Louis Danion, French priest who was badly wounded, said on arrival at Chungking. The \$500,000 Catholic Church in eastern Szechwan also destroyed during the raid.

Japan facing a dark winter as the nation is confronted with a serious shortage in essential raw materials, huge losses in foreign trade, unstable political condition and unfavorable foreign relations. This opinion was expressed by J. R. Young, Far Eastern Manager of the International News Service, in an interview with The China Press.

Abbot Yuan Ying, President of the Chinese Buddhist Society, allegedly kidnapped by the Japanese from his headquarters on Great Western Road, Shanghai.

Kulangsu Council Bans Anti-Japanese Activity

First fruit of the recent agreement reached between the Municipal Council of the Kulangsu International Settlement and the Japanese authorities at Amoy was the issuance on Oct. 22 of a proclamation by the Council banning anti-Japanese agitation and other acts, with the warning that persons so agitating, or committing such acts, would be arrested and turned over to the Japanese gendarmerie.

According to a *Domei* report on the subject, the proclamation prohibits the following acts:

1. Organization of any anti-Japanese society or gathering.
2. Publication of anti-Japanese documents or the circulation of anti-Japanese propaganda.
3. Use of anti-Japanese text-books.
4. Display of the Chinese national flag.
5. Possession of guns or explosives without permits.

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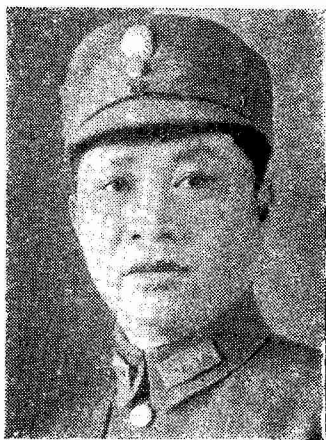
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Who's Who in China

Gen. Yeh Ting, army commander; born at Waiyang, Kwangtung, 1898; studied at the Waichow Agricultural School, 1911; entered the Kwangtung Military School, 1912, graduating in 1914; attended the Hupeh Military



葉挺字希夷
Gen. Yeh Ting

School, 1914-16; advanced training at the Paoting Military College, graduating 1919; assigned to the 9th Division for service following graduation; company commander in the Kwangtung Provincial Army, 1921; commander of the 2nd battalion of the Guards Regiment of the Generalissimo's (Dr. Sun Yat-sen) Headquarters at Canton, 1922; chief of staff and, concurrently, commander of the 1st battalion of the Kwangtung Genda-



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merie, 1923; chief of the staff office of the 4th Nationalist Army, 1925; participated in the Northern Expedition as commander of the 24th Division, 1926; joined the Chinese communist movement; now Commander of the New North Army, which operates against the Japanese in the Lower Yangtze valley; address: c/o Military Affairs Commission, Chungking.

Competition Growing in Pacific Shipping Trade

Anticipated expansion of trans-Pacific shipping services, rendered possible by the European war and the plans of the U. S. Maritime Commission to add 500 new vessels to America's mercantile marine, was invested with a competitive character late last week by an announcement of the Silver Java Pacific Lines, issued in Manila, of the inauguration of a 17-day service between Manila and the United States Pacific Coast. Commencing the service, the new motorship *Klipfontein*, 18,400 tons, sailed from Manila for Portland, San Francisco and Los Angeles on Nov. 1. Other motorships to operate in the same service are the *Boschfontein* and the *Jagersfontein*.

Another vessel to be placed on the same run is the s.s. *President Madison*, former Dollar ship. In the Puget Sound district court at Seattle on Oct. 24, a plan for the reorganization of the American Mail Line was confirmed and the directors of the company empowered to sell the s.s. *President Madison* to a Manila merchant, Senor Jose Cojuangco, for \$350,000. The agent for the prospective new

owner said that the ship would probably be used to transport sugar from the Philippines to the Pacific coast of the United States and to New York.

Meanwhile, Japanese interests are planning to step up their own shipping business on the Pacific. The N.Y.K. Line announced Oct. 26 that three new luxury liners now under construction, and originally intended for the Orient-Europe service, will instead ply between Yokohama and San Francisco. The vessels are named *Nitta Maru*, *Hachiman Maru* and *Kasuga Maru*.

Iwamura Named Naval Resident Officer Here

Appointment of Rear-Admiral Seichi Iwamura as Chief Resident Naval Officer in Shanghai, to replace Vice-Admiral Naokuni Nomura, was officially announced by the Ministry of Navy on Oct. 28.

A native of Tokyo, Rear-Admiral Iwamura was graduated from the Naval Academy in 1909 and was promoted to his present rank in November, 1935. Posts he has held include those of Naval Attache in London, member of the Naval General Staff, technical delegate to the London naval disarmament conference, member of the adjutants' staff of the Ministry of Navy, Chief of Staff of the Yokosuka Naval Base, Chief of Staff of the Third Fleet, and General Affairs Director of the Bureau of Naval Construction of the Ministry of Navy. He also commanded the cruisers *Yahagi* and *Akuma* and the battleship *Fuso*.



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Men and Events

C. M. Gee, manager of the Hong-kong office of National Aniline and Chemical Company, U. S. A., is visiting in Shanghai.

Shigenori Tashiro, former Japanese Consul-General at Tientsin, was appointed vice-minister of Foreign Affairs of Manchukuo on Oct. 27, according to *Domei* report.

The Golden Gate Exposition at Treasure Island, San Francisco, officially closed on Oct. 29. Visitors for the eight months the exposition was open numbered 10,240,000, or an average of 41,000 a day, according to the report.

The Japanese Army organ, *Tairiku Shimpō*, announced on Oct. 27 that the bank notes circulated by the Japanese-controlled Federal Reserve Bank at Peiping in the middle of October amounted to \$328,000,000. The notes outstanding on June 30 were \$264,000,000 and \$162,000,000 on December 31, 1938.

Akiyoshi Tajiri, former Japanese Consul-general at Hongkong, arrived in Shanghai last week where he will occupy the post of First Secretary of the Japanese Embassy. Hidenari Terasaki, Consul at Shanghai, has resumed his post after two months' illness in Japan resulting from an attack of appendicitis.

Capt. Fred Anderson, who was connected with the Dollar Steamship Line for several years, died in San Francisco on Friday, Oct. 20. He was buried in San Francisco on Oct. 23. Captain Anderson commanded the liner *President Hoover* on its first trip to the Orient in 1931. He retired three years ago.

A. H. George, previously Commercial Counsellor to the British Embassy at Peiping and Shanghai, has been appointed Consul-General at Shanghai in succession to Sir Herbert Phillips, who has retired. Mr. George is well known in China and highly regarded in the Sino-foreign community here.

New Officers recently elected by the Frederick Ward Post, American Legion, will be installed on Nov. 10. The officers elected were, Mark L. Moody, Commander; A. F. Kirskey, Vice-Comander; F. Mortimer, Adjutant; Wilbur Judd, Treasurer; L. F. Yenlavicz, Sergeant-at-Arms; Lieut. Roy L. Marken, U. S. M. C., Chaplain. The retiring commanding officer is T. Hyde.

Kenkichi Nakaya, correspondent for *Domei* service in Manila, became involved in a row with Sr. Gregorio Perfecto, member of the Philippine National Assembly, over the right of way on the Manila Golf Course. As a result, Mr. Perfecto had the Japanese newspaperman arrested on a charge of slander on Oct. 26. Friends of Mr. Nakaya put up a Pesos 2,000 bond to keep him out of jail. Nakaya described the charge as "nonsense," according to the *United Press* report.

Two Japanese Army officers, one a Lieut.-Colonel, were killed in a clash with guerillas near the town of Hofei, according to telegrams received in Shanghai this week. Hofei is located about 115 kilometers north of Wuhu in Anhwei province. It is now an important concentration point for Japanese troops operating in the Hwai River area.

The Yunnan provincial authorities have issued orders that no persons or parties will be permitted to proceed to points inland in Yunnan unless they possess passports with proper visas issued by the Central authorities at Chungking or the provincial officials of Yunnan. The regulations were adopted in order to prevent activities by spies, according to a *Reuter* report from Kunming.

The Rev. Luther Tucker, Secretary of the World Student Christian Association, was arrested by the Japanese gendarmes at Kyoto on Oct. 27 and was detained in jail on a charge of distributing "subversive printed propaganda and rumor mongering." Rev. Tucker, who resides at No. 31 Route Kaufman, French Concession, went to Japan some time ago to attend a student conference. He was arrested as he was boarding a steamer to return to Shanghai. He was accompanied by Mrs. Tucker, who was not arrested and who returned to Shanghai on Tuesday of this week. The type of literature which Rev. Tucker allegedly had distributed in Japan, was not stated in the *Domei* report.

The Governor of Singapore issued a proclamation on Oct. 26, ordering all male British subjects between the ages of 18 and 56 years to register as a preliminary to the introduction of conscription.

Oswald White, recently appointed British Consul-General in succession to E. G. Jamieson at Tientsin, has assumed his duties. Immediately following his appointment, Mr. White went to Tokyo to interview Sir Robert Leslie Craigie, British Ambassador to Japan, on Tientsin problems. Upon his return to Tientsin, Mr. White told *Domei* that a settlement of Anglo-Japanese differences at Tientsin "should not be difficult in view of the fact that policing matters had almost been disposed of satisfactorily."

Charles Richardson, Jr., formerly of Los Angeles, has been admitted to the practice of law and enrolled in the list of attorneys practicing in the U. S. Court for China. His admission to the Bar was moved on Monday of this week by C. S. Franklin, who is chairman of the Examining Board of the Court. Mr. Richardson previously practiced at Long Beach and Los Angeles. He is a graduate of Princeton and the University of California and has the degree of Bachelor of Law granted by the Hasting College of Laws. He was admitted to the Bar of California on March 7, 1922 and is a member of the Los Angeles and American Bar Associations. Mr. Richardson, who has been in Shanghai for several weeks, recently returned from an extensive trip through North China.

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The Rt. Rev. Shirley H. Nichols, D. D., of Kyoto, Japan, is visiting in Shanghai.

Dr. J. C. Ferguson is the author of a new book, "Survey of Chinese Art," published by the Commercial Press, Shanghai.

William Burkhardt, son of Wilbur Neil Burkhardt, editor of the San Francisco *Daily News* has joined the staff of *United Press* in Shanghai.

Carl Neprud, member of the Chinese Maritime Customs Administration, has returned to Shanghai from a trip to Hongkong.

Sir Arthur Blackburne, Chinese Counsellor of the British Embassy, arrived in Shanghai from Hongkong this week.

Dr. John L. Caughey, pastor of Community Church, will give a series of radio broadcasts over XMHD on Wednesday evenings at 8:30 o'clock, the first having been delivered on Wednesday evening of this week on the subject, "Central Teachings of Christ-Exposition of the Sermon on the Mount."

G. P. Buttridge, a native of Wales, aged 39 years, died at the Country Hospital on Friday, Oct. 27, following a brief illness. He is survived by Mrs. Lucy Buttridge and three children. Mr. Buttridge was a member of the firm of E. D. Sassoon and Company, Ltd. and was well-known in the business community.

The Japanese-controlled newspaper, *Hsin Min Pao*, which serves as the organ of the Peiping Provisional Government, in commenting on the European war, offered the following analysis of the underlying causes: "Judging by the lessons of the last war, it is safe to say that the root of the trouble was the Jews with their military base in the Soviet Union and their economic control of the world.... Let's crush the Jews, the creators of Communism, in order to save the world from destruction."

Zane Grey, famous American novelist and sportsman, died of a heart ailment at his home at Altadena near Pasadena, California on Oct. 24. He was 64 years old. Mr. Grey was born at Zanesville, Ohio and studied law at the University of Pennsylvania. He practiced law until 1904 when he began writing novels which were among the most widely read in America. His best known stories were concerned with Buffalo Bill and other western adventure subjects.

The so-called Reconstruction Corps of the Japanese naval forces stationed at Shanghai issued orders last week that no billboards will be permitted in territory under Japanese control unless special permission has been given by the Navy. The only type of signboard permitted will be those attached to store fronts — providing they are not unsightly — stated the report. Later the naval authorities will designate certain places where signs may be erected. All unsightly and dangerous signs will shortly be destroyed, or partly taken down, stated the report.

James Young, representative of Hearst's *International News Service* in the Far East, departed for Hongkong on Friday, Nov. 3 and planned to proceed to Chungking by C.N.A.C. plane early next week. Mr. Young was formerly business manager of the *Japan Advertiser*, Tokyo.

Mr. and Mrs. George Greene of the National City Bank sailed for the United States on vacation on the President Cleveland last Sunday. They plan to spend considerable time in San Francisco and Denver, following which they will proceed to Mr. Greene's home in Peoria, Illinois, and then to Washington and New York.

The Scottish Rites Order of the Masonic Lodge at Washington announced, on Oct. 18, that degrees had been conferred on a number of members of the organization from the Far East. Included in the list were Joseph Karlovitch Kirichok of the Shanghai Police Department and Vergil Francis Bradfield of Peiping, who were elected to the 33rd Degree. Shanghai Masons elected to the order of Knight Commander of the Court of Honor Class included Bruce Stanley Jenkins, who is engaged in the insurance business and Stanley Enoch Williams of the Tobacco Development Company. Michael Goldenberger and Jose Delosreyes of Manila were also elected to the 33rd degree, while Manila residents elected Knight Commander of the Court of Honor included John Maurice Aaron, Charles Mason Cotterman, Christian William Rosenstock, Jose Celestino Velo Vavite and John Arthur Cropper.

The United States Supreme Court, on Oct. 24, refused to consider an action brought in Washington by the British-American Tobacco Company to recover damages allegedly resulting from President Franklin D. Roosevelt's action in altering the value of gold from \$20.67 an ounce to \$35 an ounce. The amount of money involved was U. S. \$4,331,509, plus interest, which represented the difference between \$20.67 an ounce paid when the company turned over its gold to the Federal Reserve Bank of New York and the later price of \$35 an ounce set by the President under his emergency gold powers. Previously a Federal District Court had dismissed the action and a Circuit Court had confirmed it.

Dr. Ensang W. Cheng, a Harvard medical graduate and the first Chinese physician to practice in New England, was arrested in the Chinatown section of Boston on Oct. 28 and taken to Woburn, Mass., for questioning in connection with the disappearance of a Chinese girl named Theresa Dufong. She was 16 years old and has been missing for five weeks. A florist named Henry J. McGue, 34 years old, who is a parolee from state prison, was also arrested and charged with complicity in the crime. It was charged that the Chinese school girl was taken to Dr. Cheng for the purpose of having an illegal operation performed. Dr. Cheng, who pleaded not guilty, claimed that the girl had been suffering from a "social disorder." Dr. Cheng and McCue were held under U. S. \$20,000 bail.

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Mr. and Mrs. Arthur Rugh of the Y. M. C. A. sailed for the United States on the President Cleveland last Sunday.

Pope Pius XII ordained 12 new missionary bishops at St. Peter's Cathedral, Rome, on Oct. 29. Eight of the missionaries came from Italy, Germany, France, Belgium, Netherlands, Ireland, United States and Mexico and four from Africa, China and India. After the ceremony the Pope prayed for world peace at the Shrine of St. Peter.

Dr. Robert S. Brown of Wuhu, adviser to the Chinese National Health Administration, who recently investigated the serious malaria situation in Yunnan province, has made an appeal to the United States for funds to be used in fighting the plague. He said that malaria was widespread in the southern Chinese provinces and stated that it had incapacitated one-third of the laborers on the Burma Highway and was handicapping the present operation of the road. He also said that there was a serious epidemic of bubonic and pneumonic plague in Yunnan which had originated in Burma.

The American Junior Chamber of Commerce of Shanghai has announced the opening of new classes in the Chinese language, beginning on Nov. 10. The classes will be held at the American Club at the hours beginning at 12:15 and 5:30 or at other hours convenient for the students. The classes will be open for men and women, the tuition fees being \$15 a month or \$40 for the term of three months. The announcement stated the modern methods used in the school for the past three years had proved successful, enabling students to make maximum progress in minimum time in both spoken and written Chinese language.

Charles Metzler, president of the Russian Emigrants organization in Shanghai, published a notice in the Russian paper *Slovo* on Oct. 21, informing former Russian emigrants, who are now Chinese citizens, that they must change the certificates given them by the Chinese Nationalist Government for new certificates which will be issued by the Ministry of Foreign Affairs of the Reformed Government at Nanking. Applicants must present two photographs and pay a fee of \$12, plus \$2 for tax. Mr. Metzler stated that the foregoing information had been obtained from the Chief of Police of the Shanghai City (Ta Tao) Government.

An expedition which departed from Copenhagen in May, 1938, with the object of exploring Inner-Mongolia, returned to Denmark on Oct. 28. Leaders of the expedition, Lieut. Henning Haslund-Christiansen, Dr. Groenbich and Archaeologist Dr. Jacobsen, reported upon their arrival at Copenhagen that the trip had been quite successful and that numerous relics of ancient Mongolian culture had been found. The treasures will be placed in the Danish National Museum.

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Explaining Hitlerism

WHY HITLER CAME INTO POWER.—By Theodore Abel, Associate Professor of Sociology, Columbia University, N.Y. Prentice-Hall, Inc., 1938. 323 pages, appendices, index. U.S.\$2.75.

To many people the pertinent question today is not *why* Hitler came into power, but how Hitler may be removed from power. In reality the two questions are closely allied. The conditions inside Germany after the war and the relations of Germany to the victorious allies were fertile soil for a movement of evangelistic fervor led by a "Man of Destiny." Indications are not lacking at the present moment that British and French policy is taking into consideration the distinctive characteristics of the Nazi party and the psychology of the German people which made possible the spectacular development of Hitler's movement.

This book explains the Hitler movement through the original life stories of six hundred Hitler followers. The material was collected by means of a literary contest organized under the tutelage of the sociology department of Columbia University. This contest was open to any person who was a member of the National Socialist Party before January 1, 1933. Special attention was to be given to accounts of family life, education, economic conditions, membership in associations, participation in the Movement, thoughts and feelings about events and ideas of the post-war period.

Professor Abel was unable to obtain financial assistance for this contest because of doubt as to the trustworthiness of the documents entered in the contest. The author advances his arguments for the reliability of the information.

The book is divided into three parts. The first section gives the history of the movement in terms of the autobiographies. This section is far more, however, than a fitting together of quotations. The interpretive material added by the author carries the account from the Revolution of 1918, through the Putsch of 1923, the period of party organization, 1924-1929, and the final period of violent opposition and victory, 1933.

The second part of the book is analytical, showing the bases of discontent, the growth of a definite ideology which included *Gemeinschaft*, a chosen leader and anti-semitism.

The third section gives the full life histories of six entrants in the contest in their own words. Professor Abel has chosen histories of a worker, an anti-semiter, a soldier, a middle-class youth, a bank clerk and a farmer. The first appendix gives a useful six-page chronology of the Hitler movement from the first mass meeting in Munich when Hitler proclaimed the twenty-five theses of the party, February 24, 1920, to Hitler's appointment as Chancellor.

One finds in this book no new theories or facts. The author neither approves nor disapproves. He presents the material. The value lies in the evidence which comes from those who took a direct part in bringing in Hitler. The reader may draw his own conclusions as to the trustworthiness of emphasis and evidence.

F. M. R.

Rules of Warfare

THREE WEEKS OF CANTON BOMBING.—By Shukxi Hsü, Ph.D. No. 5 Political and Economic Studies, prepared under the auspices of the Council of International Affairs, Chungking. Shanghai, Kelly and Walsh, Ltd., 1939. 148 pages.

Shigeru Yoshida, the Japanese Ambassador to the Court of St. James, admitted in June, 1938 that the Japanese bombings in Canton were not aimed at military objectives, but were necessary to destroy the anti-Japanese movement in China. This is a confession that one of the fundamental principles in the law of war has been ignored and denied in the present Japanese attack on China. "The distinction between combatants and non-combatants, and the protection of non-combatants against injuries not incidental to military operations," constitutes a fundamental principle in the law of war.

This phase of international law was stated at St. Petersburg in 1868 and has been incorporated in the Hague Regulations. The Hague Rules of 1923 deal particularly with aerial bombardment. The World Disarmament Conference of 1932 resolved that "air attack against the civilian population shall be absolutely prohibited."

In this short study Dr. Hsü has analyzed three weeks of bombings in Canton, and shown the neutral public opinion regarding the barbarous massacre of non-combatants. Protests from Great Britain, the United States and France were unavailing. The last part of the book deals with the question in international law.

Perhaps the conclusion to be drawn from this book is that war is destructive of moral law, hence in time of war all law loses its force. Laws made in times of peace are the result of mental processes which war itself destroys. Conduct of war is not to be found in international law, but in such events as the bombing of Canton. This little book shows theory and reality.

F.M.R.

International Who's Who

Appearing in the fourth and completely revised edition, the 1939 *International Who's Who*, one of the most valuable of international reference books, has reached Shanghai. The 1,312 pages contain more than 25,000 listings brought together in a sturdy red binding. Publishers of the volume are Europa Publications, Ltd., 6 Duke Street, Adelphi, London, W.C.2.

In the United States Court for China

IN RE. ESTATE	Cause No. 4437
OF	Special Proceedings No. 2316
ALICE	NOTICE
MARTHA	Filed at Shanghai,
HOUSTON	China,
Deceased	Oct. 12, 1939
	WILLIAM T. COLLINS
	Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the Estate of Alice Martha Houston, deceased, to present the same with vouchers to the undersigned on or before 15th day of April, 1940, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

RODGER & WIENER,
Attorneys for
(Mrs.) JEANNE P. VAN HENGEL,
Administratrix of the Estate of
Alice Martha Houston, deceased.
Y.W.C.A., International Branch,
999 Bubbling Well Road,
Shanghai.

In the United States Court for China

In re.	Cause No. 4438
LAST WILL AND	Special Proceedings No. 2317
TESTAMENT	NOTICE
of	Filed at Shanghai,
WIRT SMALLEY	China,
LEONARD,	Oct. 13th, 1939.
Deceased.	WILLIAM T. COLLINS
	Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of Wirt Smalley Leonard, deceased, to present the same with vouchers to the undersigned on or before April 20, 1940, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

JEANNE LEONARD,
Clements Apartments,
1363 Rue Lafayette,
Shanghai, China.

Shanghai, China.
Dated October 13, 1939.

In the United States Court for China

In re. ESTATE
of
LOUIS T.
KENAKE,
Deceased

Cause No. 4440
Special Proceed-
ings No. 2319
NOTICE
Filed at Shanghai,
China,
October 23, 1939.
WILLIAM T.
COLLINS
Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of LOUIS T. KENAKE, deceased, to present the same with vouchers to the undersigned on or before April 28, 1940, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Nelson E. Lurton,
Administrator,
330 Szechuen Road,
Shanghai, China.

Shanghai, China.
October 23, 1939.

In the United States Court for China

In re Estate
of
LOUIS T.
KENAKE,
Deceased.

Cause No. 4440
Special Proceed-
ings No. 2319
ORDER
Filed at Shanghai,
China,
October 25, 1939.
WILLIAM T.
COLLINS
Clerk.

ORDER

On petition of the administrator ad colligendum herein,
IT IS ORDERED

That hearing and proof for the admission to probate of the Last Will and Testament of Louis T. Kenake, deceased, dated May 14, 1937, be had before this Court on the 22nd day of December, 1939, at the hour of 10 a.m.

IT IS FURTHER ORDERED

That notice of said hearing be published according to law and that copies of this order be sent by registered mail to next of kin which are known to the administrator ad colligendum.

MILTON J. HELMICK
Judge.

World Economic Survey

The League of Nations' *World Economic Survey, 1938-39*, completed on the eve of the outbreak of war in Europe, has lately reached Shanghai. It covers events up to the beginning of August, 1939 and thus presents a picture of the world economic situation up to the commencement of the hostilities. During the first months of 1939 the world was making a rapid recovery from the major depression with which it had been threatened in the first half of 1938. This rapid reversal of economic conditions may be ascribed in part to financial measures taken in the United States of America and in other countries in order to stimulate the lagging demand for goods and services. But in the main it was due to increased expenditure on armaments and war preparations.

This issue—the eighth in the series—includes a number of special studies. One chapter, for example, is devoted to a study of the economic effects of recent changes in the trends of population. A second chapter studies the problems of public finance, and examines the extent to which the costs of rearmament have eaten into the national incomes of various countries.

The concluding chapter, entitled "The Economic Effects of War, Rearmament and Territorial Changes," summarises the main theme of the volume. Economic destruction in Spain and China and the reduction in the standard of living in Japan as a result of war; the economic effects of the territorial expansion of Germany; and the greatly increased intervention of the State in economic affairs for the purposes of national defence are the main subjects of the chapter. In various other chapters political tension and rearmament are emphasized in their effects on economic activity, on world trade, on hours of work and the demand for labor, on budgetary and monetary policies, and on commercial relations between the nations.

The volume is obtainable at the Commercial Press, 211 Honan Road, Shanghai.

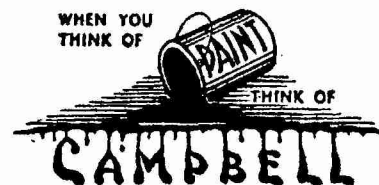
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